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# The CREDITWORLD

Official Publication of the National Retail Credit Association

National in Name... International in Scope

March, 1937 — Vol. XXV, No. 6

## MINNEAPOLIS—Credit Leader!

The Retail Credit Association of Minneapolis—older than the National—is one of the credit leaders of the Nation: In collections—in "Pay Promptly" advertising—in "returned goods" campaigns—in credit-education in schools.

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Executive Offices,  
Saint Louis, Mo.

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Credit Manager,  
Pomeroy's, Incorporated,  
Wilkes-Barre, Pa.

December 7, 1936.

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## National Retail Credit Association

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St. Louis, Missouri

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# The CREDIT WORLD

(Registered U. S. Patent Office.)  
Official Magazine of the NATIONAL RETAIL CREDIT ASSOCIATION

March, 1937 Vol. XXV No. 6

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This publication carries authoritative notices and articles in regard to the activities of the National Retail Credit Association.



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# ANNOUNCING

## The N. R. C. A. Silver Jubilee Club

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TO COMMEMORATE our Silver Jubilee Year, the Silver Jubilee Club of the National Retail Credit Association is being formed. Effective immediately every member securing a new, regular National member will automatically become a charter member of the Silver Jubilee Club and receive a *sterling silver* lapel button or pin (as shown above).

Credit department personnel and credit bureau personnel are also eligible to membership in the Club if they qualify as directed above and if their firms are National members.

The first meeting of the Club will be held in Spokane, Washington (at the Silver Jubilee Convention). Each following year, the annual meeting will be held in conjunction with the National Convention.

The members securing the greatest number of members will automatically become—in order shown—according to number of members secured:

1. President; 2. First Vice-President; 3. Second Vice-President; 4. Secretary-Treasurer; 5. Eight Directors-at-Large under this class; and (6) 13 District Directors. (The member reporting the greatest number of new members from each district will be the Director representing that District.)

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(In subsequent years, officers and directors will be elected by ballot.)

This is a closed membership club, distinctive, exclusive, something to be proud of as years go by.

Join now—membership rolls close forever Midnight, May 20, 1937!

### Silver Jubilee Club

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1218 Olive Street  
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# PRACTICAL EXPERIENCE IS DAILY CONVINCING CREDIT MANAGERS EVERYWHERE OF THE TRUTH OF WHAT WE HAVE BEEN SAYING FOR YEARS

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*Although all of them were at least a little skeptical of its advantages in the beginning, any of them will now tell you with assurance the same story as we do, that the Telautograph is*

"Quickest" because it works with the speed of electricity and as soon as either the credit bureau or department store writes a message it is automatically reported at all points connected *at the very moment*. Consequently, it takes but a few minutes to clear references and complete reports which, when messenger or other service is used, take from four to five days to complete.

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only is all chance of shifting responsibility eliminated, but the credit granter at the store receives a perfect authorization to open an account immediately which, naturally, increases the sales for the day.

"Most efficient" because, in addition to the foregoing, repetition of names, addresses, amounts, etc., is never necessary and the time of one person is saved each time a message is sent; deliveries are speeded up; extra expenses are saved and the credit granter is relieved of many "headaches" by the completion of necessary credit data *before* the goods leave the store.

198 Establishments From Coast to Coast Are Now Connected to 36 Credit Bureaus. The TELAUTOGRAPH Has Solved for Them and Their Credit Bureaus Credit Problems Which Are Similar to Your Own. Why Not Let Us Show You What We Can Do for You?

Since February 1st, Blauner's, Inc., Ordered Our Service Connected to the Philadelphia Credit Bureau.

Associated Retail Credit Men of Washington, Inc., Washington, D. C., ordered connections to four department stores and one large haberdashery.

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# EDITORIAL COMMENT

By L. S. CROWDER

## Do You Understand the Consent Decree?

**I**N THE June, 1936, issue of The CREDIT WORLD we published the Consent Decree of October 6, 1933, and Stipulation which was entered into May 6, 1936. Conditions 1 and 2 of the Stipulation follow:

The first condition is: That all individual members, that is merchants, stores and the like, of the Association and the Corporation will strictly refrain from any agreement or tacit understanding that they will refuse to answer direct inquiries for credit reports and information and will abandon any agreement and understanding and concerted practice of referring all such direct inquiries to Credit Bureaus of the Association or Corporation of which they are members.

The second condition is: That the Credit Bureaus or Agency members of either the Association or the Corporation will render credit reporting service to members and non-members alike without any price discrimination of any sort against non-members, except where the Bureau is owned or supported or controlled by the stores there may be a different price to the public, in which case, prices to the public and not to member stores will govern in connection with non-member inquiries, local, foreign and inter-bureau.

Complaints alleging failure to comply with the Consent Decree have reached the Attorney General's Office and, as a courtesy to this Association and its members, they were referred to our Washington Counsel. These complaints indicate a *lack of knowledge*—on the part of retailers and credit personnel and credit bureau managers and bureau personnel—of the provisions of the Consent Decree.

The Consent Decree *permits the retailer to use his independent judgment in the handling of any and all requests for credit information*, whether received from a competitor or from a credit bureau or credit agency.

*No action should be taken in the handling of direct inquiries which might be construed as an agreement or tacit understanding contrary to the provisions of the Consent Decree.* If it is your policy to decline credit information to others, then an explanation to this effect, without in any way tying in your credit bureau, is all that is necessary. However, if all retailers of the community decline to answer direct inquiries and make approximately the same explanation, there is a possibility that such an explanation will be construed as a tacit understanding or agreement between the merchants of the community.

If you decline to answer a direct inquiry, do not refer the inquirer to the credit bureau, or state that credit information is furnished only by the credit bureau. Such action may be misconstrued and result in inconvenience and expense to the Credit Bureau, to yourself, and to the National Association.

The use of stickers or rubber stamps in which the person making the inquiry is referred to the credit bureau *must be discontinued*, as it indicates an agreement between the retailers of your community or an understanding with the credit bureau in connection with the handling of direct inquiries, contrary to the provisions of the Consent Decree.

Recently a retailer (member of the credit bureau) received a direct inquiry which he referred to the credit bureau. The bureau returned it to the inquirer with the following notation:

*"This has been turned over to us by . . ., members and part owners of this Bureau, whose members prefer that inquiries be made through us."*

This notation indicated the existence of an agreement between the members of the bureau, contrary to the provisions of the Consent Decree, although replies from the retailer and bureau manager denied that there was such an agreement. *The Decree requires not only discontinuance of the use of stickers and form letters by bureaus and bureau members in the handling of direct inquiries (indicating an agreed method of disposing of such inquiries) but the decree more particularly requires the abandonment of any policy of concerted action on the part of the retailers and between the retailers and the credit bureau.*

Under the Decree, the only principle which should guide retailers in the handling of direct inquiries is that *independent judgment must be used in every instance and there must be no consultation with any other retailer or the bureau manager.*

Should you desire an explanation of any phase of the Consent Decree or the Stipulation, or advice concerning the provisions of either, write this office.

*It is our desire—and we know it is the desire of every member—to cooperate with the government in compliance with the Decree.*



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# Retail Credit Inflation-- A Possibility or a Fact?

By JOHN A. REILLY\*

President, Second National Bank, Washington, D. C.

FROM the standpoint of the individual, whose ability to use consumer credit facilities you retail credit executives largely control, inflation is translated into terms of price only. The consumer pays very little attention to the monetary side of inflation. To him nothing constitutes inflation unless the price of the things that he buys advances faster than his income.

I am of the opinion, however, that you cannot intelligently study the subject without giving serious thought to both the commodity and the monetary side of the picture. If historical precedents mean anything at all, we can safely predict that wages will not increase to the same extent as commodity prices in an inflationary program.

To endeavor to answer the specific question that has been put (whether or not inflation is a possibility or an actual fact) we must give consideration to two definite factors.

Professor Walter E. Spahr of New York University, in a recent article points out the difference between *inflationary procedure* and *inflation as a fact*. He says, "Any extension of purchasing power, whether in the form of money or credit, that results in a condition in which the purchasing power is not secured by reserves or commodities sufficient to liquidate it in full is an inflationary procedure. The real test of the fact of inflation arises when a debt matures and cannot be paid."

To bring the example a little closer home, let's take an ordinary credit transaction. I, as an individual, enter into a credit contract amounting to \$500 with your establishment. You pass the credit line and I receive your goods. When the time comes to pay the bill the maximum you can recover is only \$300. You, therefore, have extended my purchasing power \$200 beyond what it should be.

This \$200 is inflation. The loss has been actually sustained. You led yourself to believe that you had \$500 in value represented by your claim against me. There was too much air in the balloon; it broke, and your \$200 is "gone with the wind."

Let us take another example: John Jones is also granted a \$500 line of credit. At the time the debt was established the risk was no better than that set forth in the previous example. Jones used the \$500 to considerably improve himself. He paid the debt when due and made a profit for himself. Here we have a sample of inflationary procedure but not actual inflation.

Using the above example as our formula I should say that it is too early in the game to determine whether inflation is actually here. Certainly there are many evi-

\*An address before the Joint Conference of Districts Two and Twelve, February 8, 1937.

dences of existing inflationary procedure that may result in actual inflation later. It is to be hoped that our Government will be ingenious enough to devise ways and means of controlling this.

The present administration certainly seems alert to the existence of inflationary processes. For the past few years our Government has been engaged in the active stimulation of business. It has used Government resources and facilities to "prime the pump."

*Let us be fair about it.* This program was absolutely necessary in the national emergency. With men and women starving in our land of plenty—with practically all business units operating in the red and many closing down—with the public losing confidence in banks and financial houses, something desperate had to be done. *I shall never cease to marvel at the courage of the man now in the White House when this problem confronted him.*

Things done in an emergency, however, cannot be used as the basis of a permanent program. Already our Government executives are turning from active stimulation to active control of business. Their activities in freezing the heavy inflow of foreign funds—so-called "hot money"—the increase of reserve requirements for banks who are members of the Federal Reserve System—and the rigid regulations of the Securities Exchange Commission for those trading on our stock exchanges are encouraging signs that the Government intends to do all in its power to avert a serious inflation.

There is the psychological side to the subject—the sporting blood of our people. This has its advantages and disadvantages. We all remember the closing of every bank in America for ten days, a few years back. This was a very abnormal step.

## The Author:

Graduated from law school of Georgetown University, Washington, D. C., in 1924. Was associated with the Washington Association of Credit Men (wholesale) from 1922 to 1931, as Secretary and Manager. In April, 1931, he was made Vice-President of the Federal American National Bank and continued under the conservator of the bank after March, 1933. President of the Second National Bank since January 15, 1936.

Our people took it calmly—were good sports about it—cooperated in the solution of this gigantic problem. *This same speculative instinct, however, contributed largely to the economic debacle in 1929.* Our people

were willing to gamble on things that are not supported by intrinsic values.

The inflation we had prior to 1929 was largely the result of the World War. Prior to the War we were a debtor nation. With its advent our friends from across the sea spent money in America like water. We not only got out of debt but we loaned billions to the Allies. Sad to relate a lot of it is still over there.

During the War we had many campaigns to finance it. These campaigns developed for the first time in this country the wide distribution of wealth among smaller capitalists. After the War America was definitely investment-minded. All sorts of securities came on the market—printing presses worked day and night.

You know what happened. The alleged values were not there—people were merely on a buying spree. The inevitable day of reckoning finally came and the money or its equivalent was not to be had. I wonder how many of you stop to consider what a prominent part this intangible thing we call credit has played in such matters.

*Our fundamental definition of credit is "the power to obtain goods or services upon a promise to pay in the future." Credit is tied up with human hopes and expectations. We enjoy today many of our comforts because of its existence.*

One of our distinguished Washingtonians, Mr. Eugene Myer, once said, "Credit is like morphine. If properly used it can perform a real service but if improperly used, like morphine it inevitably leads to the gutters." It was because of our shameful credit mistakes that the trouble beginning in 1929 took the proportions that it did.

There is another psychological factor that exists. There seems to be a world-wide sentiment among some classes of people that they should get money without going through the normal processes by which money is acquired. They want a re-distribution of wealth. They want to get their pro rata share without working for it. This type would reap and waste what honest toil has sown. They want to accomplish this by so-called inflation.

It is because of this sentiment that any unwise tampering with our currency system is inadvisable. Prompted by world-wide conditions, the present administration has been developing a monetary policy flexible enough to permit a much greater degree of currency management than was formerly possible when our currency was anchored to gold. You will recall that by executive order on January 31, 1934, the President reduced the gold content of the collateral for our dollar to 59.06 per cent of its former figure.

It must be remembered that credit is applicable to nations as well as to business and individuals. If the credit standing of a nation is to be maintained it must respect its obligations just as individuals do. When nations default in the payment of honest obligations how can we expect the moral fiber of private individuals to survive?

When the Government, by executive order of the President, devalued the dollar its credit standing was definitely affected. It may ultimately be determined that the end justified the means but extreme care should be used that experimentation with our monetary system does not promote inflation.

Money honestly earned should have the substantial value that people expected it to have when their time

and efforts were expended in securing it. Our citizens have a right to enjoy the fruits of their own brains and labor.

There is an old saying that you cannot get something for nothing. This reminder of a great truth should be ever present in the minds of our officials. Government cannot and should not assist people who won't help themselves. All that it can do is to make the rules of the game reasonably fair. The individual himself must do the rest.

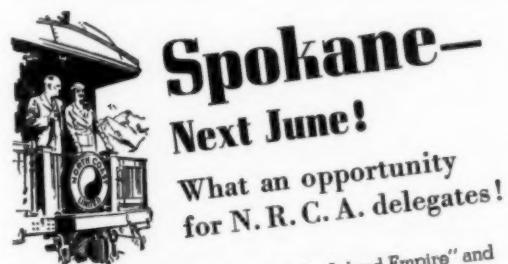
It is easy enough to criticize but that does not solve the problem. A great deal has been said about the Government's failure to balance its budget.

Where a serious social problem is involved the only thing to do is to temporarily spend more that we get back in order to give the experts time to study its situation for a long-range viewpoint. It should be remembered, however, that every additional dollar of deficit created by the Government takes a small fraction off the purchasing power of existing dollars.

Waste has a decided bearing on inflation. Proponents of a vast spending program (regardless of income) say to us, "We are living in a changed world and our old ideas no longer fit the ever changing conditions." This is pure tommyrot! Fundamentals born of hard experience can always be applied to a healthy solution of new problems.

Most writers on the subject appear to think of inflation in terms of a rise in price level. Prices were fairly level between 1923 and 1929 but still we had one of the

(Continued on page 29.)



## Spokane— Next June!

What an opportunity  
for N. R. C. A. delegates!

SPOKANE, "Queen of the Inland Empire" and the surrounding Pacific Northwest Wonderland have so much to offer the summer visitor that delegates to the Silver Anniversary Convention of the National Retail Credit Association next June will have an exceptional opportunity for a vacation.

The Burlington and the Northern Pacific Railways have been chosen by your officers as the official route to Spokane. Begin planning now to join your friends on the Special. Send for free illustrated Convention itinerary—the official itinerary. Just mail the coupon.



— R. K. CROSS, Northern Pacific Railway  
440 Boatmen's Bank Building, St. Louis —

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 I will not attend convention, but plan Western trip to..... Send details.

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# From the Eagle's Point of View!

By FREDERICK W. WALTER

Manager, Credit Sales Department, The Bailey Department Stores Company, Cleveland

〔 Extracts from an address at the Fifth District Conference -- Detroit, February 15, 1937 〕

I AM not going to talk to you in terms of credit office technique—controlled accounts—the heated discussion of whether or not “soft goods” should be sold on time—the relative merits of unit posting, dual posting, photographic posting or no posting at all—a large down payment or no payment at all—or so many pennies or dimes per day and all the other colorful variations in procedure that drop down on us like winter snow. Rather I would like to see ourselves fortified mentally against the insidiousness of that which is behind all of these variations. Some of the illustrations will be found in fields quite apart from retailing and for that reason the answer may be more readily recognized.

\* \* \*

Pain and pleasure, profit and loss are the same thing. That is a perfectly shocking statement, I know, but it is true notwithstanding. When it was decided some time ago to restrict the output of farm production with the idea of boosting prices, two fundamental facts were entirely overlooked. First, the so-called laws of nature, which were here before mankind arrived, still operate and, second, the human mind is notorious for its absolute undependability and capriciousness.

We forget such things as windstorms, blights, floods, grasshoppers and heat, and we will bite our tongues out this year because we do not have the surplus that we should have liked to have had in a normal year. Even Joseph, in the hands of his enemies, many years ago established an economic procedure that has not been improved upon but in 1937 we know more than he did—at least we think we do!

When business enterprise undertakes to tempt sales by any means whether by profitless sales prices or by very expensive and dangerous extension of credit terms, we run into the same natural forces plus one other, that of the mood of the buying public which buys when it gets around to it and stops buying when it feels like it.

To a certain extent, the efforts of business men seem reasonable enough when they are trying to keep up with last year's figures and also trying to make a profit in spite of increased expenses. On the other hand, both situations represent the tremendous fear that there will be a loss somewhere along the line. In the first case, a possible loss of profit to somebody; in the second also, a possible loss of profit through sales to somebody else.

\* \* \*

Not so very long ago, a little story came out called “Acres of Diamonds.” I am sure all of you have read it. If not, get a copy—by hook or crook! The gist of the whole thing is that right under our feet (and, of course, this means, as you know, our understanding) lies buried,

but immediately available to us, the treasure trove of the ages. Blindness to this universal fact occasions our wars, our intense nationalism, our unbridled competitions, our insane jealousies and the whole welter of minor misunderstandings that seem to beset us on every hand.

Most of you here today are not asked to lie, steal, or commit murder in your daily business transactions. There may be a few, however, who by reason of a multiplicity of duties find themselves obliged to compromise with their consciences regarding statements of fact—advertising, for instance, quality of merchandise, shady transactions in their customer relations—and they are at a loss to understand why they feel so strangely from day to day.

I am sure they have not stifled their consciences entirely. Such an individual may be asking himself if life is worth anything, after all, for he does not seem to get anything out of it even though he may have some of this world's goods to show for his pains.

If he will carefully analyze every situation that comes to him somewhat along the direction of our remarks up to this point, he will, no doubt, see that his course of action is diametrically opposed to basic principles which he cannot possibly hope to overthrow. If he is as wise as he would like to have us think he is, he would change his course, and it's the wise man who does change his course when he is shown that what he is doing is not right.

Of course, there are those who say this is not the popular way of doing things. No, it isn't, unfortunately, but thinking men are coming to realize to a startling degree now that they are obliged to stand apart from the popular way of thinking and doing. The populace will hang an individual just as promptly as it will crown him—it will tear him apart with as much glee as it had previously received largess from his hand, no matter what alphabetical designation it might have assumed.

\* \* \*

Perhaps I should be considered an iconoclast and be adjudged guilty of the worst kind of heresy if I were to say that the phenomenon of granting credit is abnormal and being such is subject to any experience that can be associated with an abnormal situation. “Credit,” as we use the phrase, is simply a mad trading in futures, although we comfort ourselves and alibi the process by saying that it is our implicit faith in humanity that makes it possible to extend it all the comforts of buying today and paying tomorrow. Of course it's a custom we have in Rome, and as good Romans, we play up the custom.

\* \* \*

I had occasion to look over some articles that I wrote for trade papers in 1923-26 and, by changing the date to 1937, I find they would apply to today's conditions, word

for word. As a matter of fact, since it happened so long ago, I am tempted to sell them over again and I don't suppose I can be held guilty of plagiarism for they are my own articles.

After ten years of mutterings and groanings, the musical score sounds pretty much the same! It's still sharply syncopated, has a little movement of its own, and hurries to an abrupt ending just the same as the hot numbers we are going to hear tonight.

I can hear somebody say, "Well, what has all that to do with the topic under discussion?"

Isn't it vastly more important to have a most accurate understanding of the cast of characters in the play in which you find yourself; to appreciate to the last detail the significance of the scenario; to recognize and discern the moods and tempo of the music? When you do this you automatically find yourself among the "cognoscenti," and the "hoi polloi" will not have missed you at all.

Can you afford to belong to the latter class—blind, unreasoning, undependable and capricious? Or would you rather be master of yourself and consequently master of any situation that might arise? That does not mean that you can have your way—assuming that it is absolutely right—every time, because circumstances may not make it possible for you to accomplish that which you would like to do, that which you know is right—but isn't it something to know that it is right even though you may have to "suffer it to be so now." The old adage is not so far wrong at that, "It is better to have loved and lost than never to have loved at all."

\* \* \*

You are going to have presented to you this year and next some of the strangest demands that you have yet heard in the handling of credit-customer relations. Most of them you will go through with because that is all that can be done; some you will strenuously object to and go through with because, well—just because—and you will be crossing your fingers, hoping that something better will develop elsewhere. You will be solving immediately and successfully the problems in front of you. If you don't, the growing process will overwhelm you, but you will not have recognized that fact.

\* \* \*

Have you stopped for one minute to see the specious reasoning that lies behind our Social Security Act? If you haven't, take five minutes off and talk to your controller and see what he tells you. Look it up for yourself and see what it means in the last analysis and I promise you the shock of a lifetime. You may not want to acknowledge it but you are among the ranks of the numbered without any identity. Your personality you can hardly call your own and you are fast being drawn into a condition of mediocrity which spells disaster for any group, no matter what its size, whether it be the family or the nation.

I am not a pessimist. Far from it. I am a confirmed optimist but I am an optimist with both ears pinned back and both eyes wide open. I know just how far I can keep the right wheel of my chariot from the edge of the highway.

I might have to slow down and pull over to let some trucker pass by, for, of the two evils, I prefer that I yield the right of way rather than to pass out of the picture.

Chances are I will find him piled up on the next curve. I am inclined to call that wisdom in driving.

I did not make this reference to the Social Security Act just from political motives but rather as an appalling example of sloppy thinking. Any sort of shrewd analysis of the operation of the human mind would show that this was no time to put through that particular bill in its present form.

Of course we want social security but—when the tenure of the job itself is threatened at a not particularly advanced age—and if the percentage of gainful days of employment for the average man is so painfully low—and if he did work a full year, his wages are none too high—then what is offered him as a solace in his declining years is nothing short of a gratuitous insult. *It looks fine on paper but its operation is another story.*

Nor do I want to appear merely critical of that and other legislation that has been enacted because it is easy to criticize. Why can't leaders foresee situations instead of being compelled to wriggle out of them afterward?

\* \* \*

It would be carrying coals to Newcastle to talk to this group on how to handle the technical side of their consumer-credit relations. Such technique would vary in the next 100 stores that you might have occasion to study and yet all will be found doing a satisfactory job.

That is important, of course, but far more important are the situations already described and the many others which we will have to see for ourselves and then hope that the illumination may be passed on to others who are possibly looking for help—possibly needing help but not especially wanting it. There is such a thing as leading a thirsty horse to water and then finding that the bloomin' cuss won't stick his nose in the trough!

You doubtless know the story about the five foolish and the five wise virgins. It applies today just as it did when the incident was first related. Do we want to be classed among the five foolish or the five wise ones? To be sure, it costs some effort to stay in the wise class and the other group will be passing unkind remarks about you—will be even questioning your ability to hold down your job—will be even making attacks upon it and particularly upon you personally. That also is the way of the world and sometimes is the price we have to pay for progress.

Even at that, the five wise men can so arrange their affairs as to experience a minimum of such opposition. I can hear some of you saying now, "Well, the man at the head of the procession is an easy target" or, "Every knock is a boost," and it's true and you see how closely you run to form.

\* \* \*

If I have shocked some of you or if I have disturbed the complacency of others, or if I have aroused the urge to inquire into the deeper significances of what we call our human experience I shall be most happy. Do we want to be engaged merely in counting the trees in the forest and perhaps get lost in the attempt—or do we want to see the forest as a whole and its relation to the rest of the landscape?

*Did you ever watch an eagle poised in the air? Did you ever get his point of view and sense his vigilance to swoop down to take advantage of circumstances as they presented themselves and then return to his lofty station, alert, calm and self-assured?*

# Are Sane Terms "Gone With the Wind"?

By LOUIS WELLINGHOFF

Credit Manager, Boyd-Richardson Apparel Co., Saint Louis; President, Seventh District, National Retail Credit Association

**D**URING a readjustment or expansion period in business, methods (both new and old) for larger volume and better assurance of profit undergo careful scrutiny and, inasmuch as a credit-extension policy is a business builder, serious thought should be given to installment selling methods and practices.

Retail credit, during the past decade, has developed into a potent force in our economic development—second to none among the factors dealing with the production and consumption of merchandise. At the turn of the century, retail credit was largely regarded as an extension in a case of necessity, or as something to tide one over between pay days. Rapidly, it took its place as a convenience to the customer—and then became a power in business development, known as a business builder.

In comparatively recent years, embracing these three principles, retail credit has broadened into an equalizing factor between production and consumption and therein lies its great usefulness to a nation desiring a steady and continued prosperous condition.

The power of retail credit cannot be overemphasized but it seems to me that its usefulness to the individual—and to business itself—can be made more permanent and of a continuing nature by caution: *First, on the part of the customer, not to overbuy; and second, on the part of business, not to oversell.*

The tendency of some merchants to sell terms instead of merchandise *lends itself to overselling the customer and removes considerable caution from the mind of the customer.* The policy of "nothing down" and a minimum payment periodically over a long extended time, without a carrying charge, if adopted by one merchant, *is a standing challenge to his competitors to go him one better!*

While the success of retail credit operations—both open account and installment selling—re-emphasizes the fundamental truth that the average American citizen is honest (and an analysis of governmental statistics causes one to draw the conclusion that 90 per cent of the citizenry consists of individuals of integrity and worthwhileness), in the analysis of such a conclusion it might be remembered that the successful administration of a *retail credit policy must seriously take into consideration the extent of the capacity to earn money with which the applicant is to discharge his obligation.*

During the past five years, no problem in retail credit extension has engaged the attention of the credit manager more than that of the capacity of the customer to discharge his debts promptly; and the enlargement of the amount of the individual's indebtedness, by various deferred payment plans, causes one to pause and inquire as to how far time payment can go before disaster overtakes this merchandising plan.

One worth-while test of retail credit principles is the rapidity with which accounts receivable are turned into cash, and it seems a paradox to urge caution in credit

extension when collection percentages are steadily going up—better, I would venture to say, than at any time in the past six years.

However, the basis of credit, whether it be open account or installment, is the same and caution needs to be exercised constantly. Character, capacity and capital have long been regarded as the three fundamental factors controlling credit on open account. Surely, they have just as important a place in installment selling!

While credit, to most of us, means the acquiring of something of value without having to pay for it immediately, it has the important aspect of being an economic stimulus to better living and we should safeguard it and conserve it as we do our health and, as credit men, see to it that we *upbuild—not tear down—the credit structure.*

The majority of people use credit in its various forms, but only those who are honest and industrious, and who realize fairly the necessity of meeting their obligations or contracts as agreed, continue to enjoy its advantages. Good credit is mute testimony to the high character of the individual and in this day and age it is proper and necessary to use credit if we are to fit into the modern economic life.

Likewise, the speeding up of the turnover of accounts receivable, the elimination of unwise credits and the reduction of charge-offs are all necessary elements in modern business. The history of retail business, when it is finally written for the period of slow business and perplexing problems, will show that retail credit has more than held its own. *Shall we not, as credit men, continue to be builders on a wise and sane credit policy?*

Retail credit has weathered the storms of the past few years and is solidly entrenched, not only as a business builder but as a servant of the people. It is theirs to use but not to abuse. *Let us not permit unsound methods to tear down that which has taken a lifetime to erect.*

Many students of credit extension have expressed themselves (as has the report of the U. S. Department of Commerce) that there is an urgent need for the systematic study of the causes of credit losses and for the elimination of the abuses which have arisen. They suggest preventives which, in part, are *careful credit extension, requiring a thorough knowledge of income, cost of living, entire debt, position and antecedents—likewise, cooperation between credit granters in providing and disseminating information concerning dishonest debtors.*

As long as retail credit (be it open account credit or installment credit) is built on the solid rock of character, and is extended wisely—both as to amount and terms to the customer and policy on the part of the merchant in relationship, especially, to the factors that control the intelligent use of capital—no fear need be exercised as to the worthwhileness of retail credit as a business builder.



## SPRING CLEANING... of slow accounts

Do you find charge accounts getting "Spring Fever"?

When January and February sales are geared to stimulate turnover and produce cash for your store, why leave capital that could well be used to purchase new merchandise lying in slow accounts?

You don't have to!

In years of working with credit

departments and their problems, Morris Plan has proved itself decidedly helpful in liquidating receivables. This working arrangement brings prompt payment to your store without loss of money, time or customer good will—and it costs you nothing! Write or telephone your nearest Morris Plan institution today.



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YONKERS, N. Y.  
YORK, PENNSYLVANIA

# January Trends--A Fast-Reading Review

...The barometer of retail business--a nation-wide cross section of facts and opinions on retail collections and credit sales for January, 1937, as compared with January, 1936, compiled by Research Division--National Retail Credit Association...

THE average increase in collections for January over January, 1936, was 2.9 per cent, while credit sales increased 6.4 per cent. The increases in both collections and credit sales during January, 1937, did not keep pace with the increases during January, 1936.

## High-Lights for January

65 Cities reporting.  
16,885 Retail stores represented.

### COLLECTIONS

45 Cities reported increases.  
2.9% Was the average increase for all cities.  
25.0% Was the greatest increase (Mount Clemens, Mich., and Pomona, Calif.).  
4 Cities reported no change.  
16 Cities reported decreases.  
25.0% Was the greatest decrease (Columbus, Neb., and Vancouver, Wash.).

### CREDIT SALES

53 Cities reported increases.  
6.4% Was the average increase for all cities.  
35.0% Was the greatest increase. (Fort Lauderdale, Fla.).  
3 Cities reported no change.  
9 Cities reported decreases.  
35.0% Was the greatest decrease (Columbus, Neb., and Bay City, Mich.).

The average increase in collections for January, 1936, over January, 1935, was 8.2 per cent while credit sales increased practically the same or 8.3 per cent. The reasons given for the small increases in January this year were: (1) flu epidemic, (2) floods and (3) strikes.

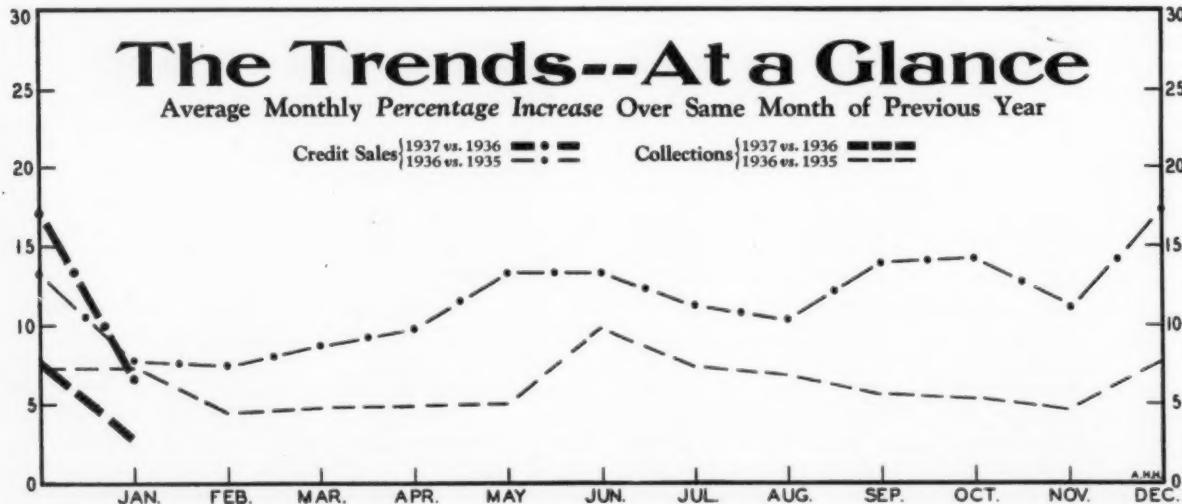
A steady improvement in both collections and credit sales during the entire year of 1936 was noted in *Augusta, Me.* Working conditions there continue to improve and 1937 is expected to be a banner year. Improved working conditions resulted in an increase of 2.5 per cent in collections and 5.5 per cent in credit sales in *Lewiston, Me.*

... The increase in collections and credit sales in *Northampton, Mass.*, was the result of additional employment. Four new plants have been built recently which will employ more than 1,000 people. . . . More employment in *Manchester, N. H.*, resulted in an increase of 8.0 per cent in collections and 10.0 per cent in credit sales.

A general improvement in working conditions in all lines of business was given as the reason for the increases in collections and credit sales in the *New York* and *Pennsylvania* area. *Uniontown, Pa.*, reported: "While business in January, 1937, was better than January, 1936, there has been a general decline in retail business in this section since the first of the year."

*Fort Lauderdale, Fla.*, reports: "The increase should be greater as business on the whole is better than a year ago but people have been buying heavily and we expected a little better season both from tourist and vegetable crops. The mild weather in the East seems to have delayed tourists coming down this year and the excellent weather here has caused a high overproduction of vegetables causing prices to be very low." . . . Improvement in general business conditions was given as the reason for the increase in collections and credit sales in *Jacksonville, Fla.*, and *Jackson, Miss.* . . . While collections in *Charleston, S. C.*, remained unchanged during January, there has been a steady increase in credit sales since last September (as compared with previous years).

Collections in *El Dorado, Kan.*, were 5.0 per cent better than last year; however, merchants reported that the slight increase was due to unusually heavy buying during the holiday season. . . . An increase of 14.0 per cent in collections and 12.5 per cent in credit sales in *Joplin, Mo.*, was caused by an improvement in employ-



ment. Collections increased 2.0 per cent in *St. Louis* while credit sales increased 15.0 per cent—the department stores showing the greatest increase.

*Decatur, Ill.*, reported a decrease of 2.0 per cent in collections due to inclement weather. . . . The decrease in collections and credit sales in *Bay City, Mich.*, was caused by the General Motors Company strike—labor unrest—and the fear of prolonged idleness. . . . Employment conditions, however, were good in *Mount Clemens*, and *South Haven, Mich.* . . . Collections and credit sales were off in *Cincinnati, Ohio*, due to the flood which suspended all operations in the stores for one week and prior to that time operations were partly suspended for two or three days. *Toledo, Ohio*, reported the increase of 4.0 per cent in credit sales due to continued better employment conditions, although this factor is being affected by present strikes.

Decreases in collections and credit sales in the *Iowa* and *Nebraska* area were the result of severe cold weather, impassable roads, and unemployment.

Collections and credit sales continue to increase in the *Oklahoma* and *Texas* area. "More people employed" was given as the reason for the increase in collections and credit sales in *Tyler, Texas*.

Collections and credit sales remained unchanged in *Torrington, Wyo.* January and February were reported as dull months in that area and the usual spring business begins in *March*.

The decreases in collections and credit sales in *Lewis-*

*ton, Idaho*, were caused by sickness as well as extreme cold weather, resulting in unexpected expenses, and the cutting down of employment. . . . *Aberdeen, Wash.*, reported their decreases in collections and credit sales due to a nation-wide strike affecting mills and lumber companies. Thousands are out of work who could not pay anything on their accounts or buy anything that was not necessary. These same factors affected collections and credit sales in *Kelso, Wash.*, in a like manner. The decreases in collections and credit sales in *Vancouver, Wash.*, were caused by the strike, the flu epidemic, and "the worst weather conditions since 1916."

A decrease of 1.5 per cent in collections in *San Francisco, Calif.*, was due to the maritime strike.

Collections and credit sales remained unchanged in *Victoria, B. C.*, due to unusually cold weather. *London, Ont.*, reported a slight increase in credit sales as a result of better general business conditions.

♦♦♦

### Pueblo Association Elects Officers

Peter Henderson of the Florman Manufacturing Co., was elected President of the Pueblo (Colo.) Retail Credit Association at its annual meeting January 19.

Other officers are: Maurice Douglas of Hawkins-White, Vice-President; Whitney Warden, Ashley Lumber Co., Treasurer; and John E. Udick, Manager, Pueblo Mercantile and Credit Association (the Credit Bureau), Secretary.

### Comparative Reports--By Cities--January, 1937, vs. January, 1936

District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease	District and City	Collections	Increase or Decrease	Credit Sales	Increase or Decrease
1. Augusta, Me.	Good	+ 5.0	Good	+ 5.0	7. Cedar Rapids, Ia.	Fair	+ 4.0	Fair	+ 8.0
Lewiston, Me.	Fair	+ 2.5	Fair	+ 5.5	Davenport, Ia.	Good	+ 2.4	Good	+ . . .
Boston, Mass.	Good	+ 2.5	Good	+ . . .	Des Moines, Ia.	Good	+ 0.6	Good	+ . . .
Lynn, Mass.	Good	+ 4.7	Good	+ . . .	Sioux City, Ia.	Fair	+ 1.0	Fair	+ 2.0
Northampton, Mass.	Good	+ 3.0	Good	+ 5.0	St. Paul, Minn.	Fair	+ 1.2	Good	+ 10.0
Worcester, Mass.	Good	+ . . .	Good	+ . . .	Columbus, Neb.	Slow	- 25.0	Slow	- 35.0
Manchester, N. H.	Fair	+ 8.0	Fair	+ 10.0	Omaha, Neb.	Fair	+ 2.0	Slow	+ . . .
Providence, R. I.	Good	+ 3.0	Good	+ 20.0	<i>Average</i>	<i>Fair</i>	- 1.9	<i>Fair</i>	- 3.8
<i>Average</i>	<i>Good</i>	+ 4.1	<i>Good</i>	+ 9.1					
2. New York, N. Y.	Good	+ 0.4	Good	+ . . .					
Syracuse, N. Y.	Good	+ 2.0	Good	+ . . .					
Utica, N. Y.	Good	+ 12.0	Good	+ 3.0					
Erie, Pa.	Good	+ 3.0	Good	+ 8.4					
Reading, Pa.	Slow	- 5.0	Slow	- 1.0					
Uniontown, Pa.	Fair	+ 5.0	Fair	+ 5.0					
<i>Average</i>	<i>Good</i>	+ 2.9	<i>Good</i>	+ 3.9					
3. Baltimore, Md.	Good	+ 2.5	Good	+ . . .					
Charleston, W. Va.	Good	+ 3.0	Good	+ 21.0					
<i>Average</i>	<i>Good</i>	+ 2.8	<i>Good</i>	+ . . .					
4. Fort Lauderdale, Fla.	Fair	+ 15.0	Good	+ 35.0					
Jacksonville, Fla.	Good	+ 10.0	Good	+ 13.5					
Jackson, Miss.	Good	+ 7.0	Good	+ 18.0					
Charleston, S. C.	Fair	No chg.	Good	+ 20.0					
<i>Average</i>	<i>Good</i>	+ 8.0	<i>Good</i>	+ 21.6					
5. Little Rock, Ark.	Good	- 2.0	Good	+ . . .					
El Dorado, Kan.	Slow	+ 5.0	Slow	- 10.0					
Joplin, Mo.	Good	+ 14.0	Good	+ 12.5					
St. Louis, Mo.	Good	+ 2.0	Good	+ 15.0					
<i>Average</i>	<i>Good</i>	+ 4.8	<i>Good</i>	+ 5.8					
6. Decatur, Ill.	Fair	- 2.0	Fair	+ 14.7					
Bay City, Mich.	Slow	- 10.0	Slow	- 35.0					
Detroit, Mich.	Good	+ 4.6	Good	+ 23.6					
Grand Rapids, Mich.	Good	+ 2.0	Good	+ 5.0					
Mount Clemens, Mich.	Good	+ 25.0	Good	+ 20.0					
South Haven, Mich.	Fair	+ 13.0	Fair	+ . . .					
Cincinnati, Ohio	Fair	- 5.8	Fair	- 1.8					
Columbus, Ohio	Good	+ 1.6	Good	+ . . .					
Dayton, Ohio	Good	+ 17.0	Good	+ 23.3					
Toledo, Ohio	Good	+ 10.0	Good	+ 4.0					
Milwaukee, Wis.	Good	+ 3.9	Good	+ . . .					
<i>Average</i>	<i>Good</i>	+ 5.4	<i>Good</i>	+ 6.7					
7. Tulsa, Okla.	Fair	- 0.4	Good	+ 10.2					
Amarillo, Tex.	Good	+ 17.0	Good	+ 22.5					
Austin, Tex.	Good	+ 1.3	Good	+ 7.8					
Borger, Tex.	Good	+ 8.7	Fair	+ 3.7					
Fort Worth, Tex.	Good	+ 13.9	Good	+ 13.1					
Houston, Tex.	Good	+ 9.1	Good	+ 25.8					
Pampa, Tex.	Fair	- 0.1	Fair	No chg.					
Tyler, Tex.	Good	+ . . .	Good	+ . . .					
<i>Average</i>	<i>Good</i>	+ 7.1	<i>Good</i>	+ 11.9					
8. Denver, Colo.	Good	+ 3.9	Good	+ . . .					
Casper, Wyo.	Good	- 5.1	Good	+ . . .					
Cheyenne, Wyo.	Fair	+ 2.0	Slow	+ 2.0					
Torrington, Wyo.	Fair	No chg.	Fair	No chg.					
<i>Average</i>	<i>Fair</i>	+ 0.2	<i>Fair</i>	+ 1.0					
9. Lewiston, Ida.	Fair	- 7.5	Fair	- 12.5					
Aberdeen, Wash.	Slow	- . . .	Slow	- . . .					
Kelso, Wash.	Slow	- 8.0	Slow	- 5.0					
Spokane, Wash.	Good	- 1.7	Good	+ . . .					
Vancouver, Wash.	Slow	- 25.0	Slow	- 25.0					
<i>Average</i>	<i>Fair</i>	- 4.9	<i>Slow</i>	- 14.2					
10. Pomona, Calif.	Good	+ 25.0	Good	+ 22.5					
San Francisco and Oakland, Calif.	Fair	- 1.5	Good	+ 8.6					
Santa Barbara, Calif.	Good	+ 3.0	Good	+ 5.0					
<i>Average</i>	<i>Good</i>	+ 8.8	<i>Good</i>	+ 12.0					
11. Vancouver, B. C.	Good	- 0.7	Good	+ . . .					
Victoria, B. C.	Fair	No chg.	Fair	No chg.					
London, Ont.	Fair	No chg.	Fair	+ . . .					
<i>Average</i>	<i>Fair</i>	- 0.2	<i>Fair</i>	+ . . .					

# CREDIT DEPARTMENT LETTERS

By DANIEL J. HANNEFIN

FOR a number of years, it has been my contention that inactive accounts should not be allowed to "drift" away—that they should be followed up on the first statement which shows no purchases during the current month.

It is a fallacy to assume that the customer "just isn't buying." In nine cases out of ten, if you'll take the trouble to investigate, you will find that the customer *is* buying—*elsewhere*. And if you let her form new buying habits, it's going to be just that much harder to get that lost customer back!

Here is definite proof that *it pays* to follow up on the first "zero" statement: Max Lichtenstatter, Credit Sales Manager for Ike Kempner and Bros. Inc., Little Rock, Ark., since last November has used the message shown on the statement (*Figure 2*) reproduced on the next page. On those that do not respond to the first, he uses a second "zero" statement with a somewhat different message but with the same signature. He reports that, each month, this method has brought back 40 per cent of his inactive customers. (Note the clever signature, personalizing the charge account.)

*Figure 1* is an unusually good "Thank You" letter. Making the erstwhile guest feel that he was more to that hotel than a mere room number, it naturally impels him to return there on his next visit.

*Figure 3* is a collection letter that speaks friendliness in every word (*read it, word by word*) and it proves that collection letters can be friendly and successful at the same time. Paul C. Vaughan, Credit Manager of Love-

## Harvey Leaves La Crosse Bureau

Robt. B. Krutzner, Manager of the Tri-State Credit Bureau, La Crosse, Wis., writes that Mr. H. C. Harvey has severed his connection with the Bureau.

## Death of John Hill

Word has reached us of the recent death of John Hill of Hill Brothers, Northampton, Mass. President of the Northampton Credit Bureau for five years, and of the Northampton Chamber of Commerce since 1933, he had been actively engaged in the dry goods business since 1881.

## A Boost for "National Emblem" Stickers

M. W. Amador, Credit Manager, The Boston Store, Phoenix, Ariz., writes:

"Thanks for rushing our repeat-order for 5000 gold emblem stickers. In writing a customer about his past-due account, we find that these seals, when pasted on the accompanying statement, put over a message not easily forgotten by the delinquent customer. We have been using National stickers, inserts, and forms, for a number of years and have found them very successful." (*Sticker mentioned is shown on page 30.*)

man, Joseph & Loeb, sends as proof the following letter received from a customer (who addressed him, "My Dear Mr. Vaughan"):

"It has been my misfortune, during the recent depression, to have received many collection letters, so I consider myself an authority on the subject.

"Please allow me to say unreservedly that the one I recently received from you was the nicest and most unique I have ever seen. Anyone who won't pay after a letter like that is either broke or has no intention of paying!

"The style must undoubtedly be original with you, for it is quite a departure from the usual collection letters we see. Proof that your letter does the work is evidenced by the enclosed check! More to follow soon.

"With all good wishes for the future and deep gratification for our past pleasant relations, I am

"Very cordially yours."

And the customer not only enclosed a check for \$50 but also sent a copy of the letter to Mr. J. H. Loveman, a member of the firm!

*Figure 4* is another successful letter, used with good results by both Mr. McDonald and Mr. H. J. Burris of John Taylor Dry Goods Co., Kansas City, who sent the letter to us.

## Controlling Credit Limits



When you limit the credit of a customer to \$25—and issue a COUPON Book in that amount—you do the following things:

1. You eliminate annoying cases where the customer wants to exceed the credit limit.
2. You decrease posting operations from "one for each purchase" to *one single entry for the amount of the book*.
3. You provide a means of ready identification for such credit customers.
4. You save shopping time.

For Instalment Sales of "Soft" Merchandise The Coupon Book provides these same advantages

Write for Samples and Prices

**ALLISON COUPON COMPANY**  
Factory and Executive Offices, INDIANAPOLIS, INDIANA



# Get That Collection Letter Off to a Good Start!

By DAVID MORANTZ

Manager, Morantz Mercantile Agency, Kansas City, Kansas; President, Kansas City (Kansas) Unit, National Retail Credit Association; and Author of Book, *Proven Plans to Speed Collections and Timely Tips to Trim Office Overhead*

**I**F YOU are one of those letter-writers who insist that all letters must begin with the same trite, stereotyped, "Replying to your valued favor of the 10th inst., I beg to state," you will not be interested in what I have to say here.

But if you are one of those alert, up-and-coming credit men, who wants his letters to be a little different—and more effective—who wants his letters to vibrate with life and sincerity, why not give a little thought to the subject of starting them off with a slightly different approach?

For instance, instead of saying "Replying to"—etc., you might begin your letter something as follows:

"Your frank and courteous letter of \_\_\_\_\_ is appreciated."

or

"It was good of you to go to the trouble of explaining your present situation\_\_\_\_\_."

or

"Certainly, you may pay this in installments of \_\_\_\_\_ per (week) (month) for the next three months, after which you say you can pay \$\_\_\_\_\_ per (week) (month) on the balance of \$\_\_\_\_\_."

or

"We were very sorry to hear of your (misfortune) (illness) (unemployment) and shall be glad to cooperate with you. The plan you outline is satisfactory and we know you will live up to it."

or

"I was sorry to learn that things have not been going as well as they might with you, but it is going to be much easier now to make allowances and perhaps suggest remedies because we know your condition."

or

"Quite naturally, I know that circumstances of the type you mention create a financial situation which demands a scaling down of your budget; and to cooperate with you I am extending your payments until\_\_\_\_\_. At that time, your account will be brought to date and we shall look for regular remittances in accordance with the original schedule, \_\_\_\_\_ monthly."

## "Thank You!"

*And, Oh, how much everyone likes to be thanked for anything he pays!*

It is so easy and means so much that it is a worth-while habit to cultivate. Here are a few ways to start your letter off with a cheerful "thank you":

"Thank you for your letter of \_\_\_\_\_ telling us \_\_\_\_\_."

or

"Thanks for the trouble you went to in writing us as you did on\_\_\_\_\_."

or

"We acknowledge receipt of your letter of January 10th enclosing check for \$\_\_\_\_\_, for which kindly accept thanks."

or

"Thanks for your very courteous letter."

## "Is There a Reason?"

Then there is the problem of getting the debtor to open up and give a reason for his silence. Sometimes he will hesitate about burdening you with his troubles. A sincere, friendly interest in his affairs, as indicated by one of the following, may induce him to open up and result in collection much more quickly than would otherwise be the case:

"Have you been ill or out of town? We could think of no other reason why you would not answer our letters."

or

"You have been so prompt up to now, we are wondering if anything serious has happened to you to prevent you from answering our letters."

or

"Perhaps you have some good reason for not responding to our request for payment of your account. If so, may we ask that you let us know at once?"

or

"Frankly, what is the matter? If we are at fault, won't you tell me so that I can correct it? If you're at fault, won't you correct it?"

## "Have You Overlooked This?"

By inferring that it must be a mere oversight, you offer him an opportunity to cover up gracefully his delay in paying. For example:

"Haven't you overlooked a little matter that you had expected to attend to before now?"

or

"Have you forgotten us?"

or

"You probably overlooked your account. This is a reminder that it is overdue."

or

"Just missed a payment. Ten to one you forgot. We all let things slide occasionally without intention."

## "Have You Been Fair?"

Appealing to his sense of fairness, you might start your letter as follows:

"We've tried to be fair with you. Are you being fair TO US by ignoring our letters?"

or

"Honest now—deep down in your heart—do you feel that you have been as fair, as liberal, as considerate with us—as we have been with you?"

or

"It is hard to believe that a person of your reputation and standing would willfully disregard a just obligation."

or

"I have written you courteously, and feel that my letters are entitled at least to a word of reply from you."

or

"How long does it take you to answer a letter?"

#### **"Keep Your Agreement!"**

Reminding him of the terms of his agreement is another effective way to start your collection letter. Here are a few suggestions along that line:

"Your agreement was to \_\_\_\_\_"

or

"It was your promise to write us by\_\_\_\_\_at the latest."

or

"The payment for your\_\_\_\_\_is now\_\_\_\_\_days past due."

or

"Thirty days is the usual open account sales terms but it is now\_\_\_\_\_ days since you made this purchase."

or

"It is difficult to ascribe a reason for your failure to answer our recent letter, after you promised us, in writing, to make settlement on (date)."

#### **"Our Patience Exhausted!"**

Then when your patience is becoming exhausted and the time has arrived to issue an ultimatum, you may find the opener you want among these:

"There's a limit to everything—even in being a good fellow, and I've reached that limit."

or

"You can still settle this without court costs but our patience is rapidly reaching its limit."

or

"Thus far your interests have not suffered, but\_\_\_\_\_"

or

"Our collection manager tells me there is nothing to do except to bring suit against you for the balance so long overdue on your account. Is he right?"

or

"No reply from you yet. I'm writing for the third and last time."

or

"FIVE DAYS—No longer will we wait."

or

"Our patience is exhausted."

The sprinter who gets off to a good start has a decided advantage over his opponent who does not.

The same applies to collections.

For best results from your collection letter

**GET IT OFF TO A GOOD START!**

## **I'VE STOPPED THE 10 HIDDEN LOSSES IN SLOW CHARGE ACCOUNTS**



### **This FREE book showed me the way!**

● Every credit executive—every retailer—knows that slow accounts cut tremendously into net profits. But few realize in how many different ways slow-pay customers penalize the returns from sound merchandising, traffic-building promotion, efficient operation. The cost of warehousing your merchandise in the customer's home is greater than most retailers think!



In this new book, "The Ten Hidden Losses in Slow Charge Accounts," Dr. Clyde William Phelps, head of the Department of Economics, University of Chattanooga, points out and analyzes these costs. *And*—what's more important—he tells how to prevent them through a sound credit policy developed from a study of many leading stores. The principles Dr. Phelps sets forth are saving money now for hundreds of merchants.

#### **Mail the Coupon For FREE Copy**

"The Ten Hidden Losses In Slow Charge Accounts" is published by the Research Department of Household Finance Corporation. It is a product of studies made in the interest of the American Family's economic welfare. A copy will be sent to you gladly—*free*. Mail the coupon today.

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Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_

# The Nation's Collection Percentages-Jan

DISTRICT AND CITY	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						FURNITURE STORES (Installment Accounts)						JEWELRY						
	1937			1936			1937			1936			1937			1936			1937			1936			1937						
	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.	AV.	HL	LO.				
Boston, Mass.	46.8	77.7	43.4	45.7	77.1	40.7	17.5	21.4	12.9	16.3	21.2	12.3	57.3	70.0	44.7	53.3	64.0	43.3	—	—	—	—	—	—	75.4	65.7	6				
Providence, R. I.	49.7	55.0	45.0	46.8	56.0	45.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Lynn, Mass.	56.0	60.0	47.2	44.7	55.0	44.1	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
Springfield, Mass.	57.1	63.0	51.2	54.9	59.4	50.4	19.1	24.8	13.5	15.9	19.5	12.3	51.9	60.3	45.3	57.6	61.0	52.5	—	—	—	—	—	—	—	—	—				
Worcester, Mass.	48.9	52.2	46.1	44.5	50.2	41.8	25.4	27.0	17.7	22.6	25.8	16.1	46.7	54.0	27.0	42.0	47.0	27.1	—	—	—	—	—	—	—	—	—				
New York City	52.4	61.2	39.8	50.0	61.8	37.9	18.5	25.7	13.1	18.9	23.8	12.3	51.1	65.8	42.7	50.4	75.3	41.0	—	8.6	—	—	—	7.7	—	—	—				
Pittsburgh, Pa.	48.0	50.4	47.4	44.7	48.3	42.0	17.5	22.6	13.9	17.6	22.5	13.3	46.8	50.4	40.0	43.6	48.3	37.0	—	—	—	—	—	—	—	—	65.3	62.0			
2 Reading, Pa.	51.6	55.5	47.0	45.9	50.2	43.9	—	24.5	—	—	17.1	—	—	56.0	—	—	42.5	—	—	11.9	13.0	10.8	12.2	15.0	9.4	—	—	—			
Syracuse, N. Y.	40.0	45.0	38.5	37.4	41.0	35.2	19.0	24.0	18.5	17.6	23.7	15.9	43.3	48.7	37.9	43.0	44.2	41.9	—	—	—	—	—	—	—	—	—	—			
Utica, N. Y.	—	—	—	—	—	—	—	—	—	—	—	—	39.0	42.9	34.0	37.5	41.3	32.0	10.4	11.6	9.6	9.2	10.5	8.0	—	—	—				
Washington, D. C.	37.9	52.1	30.0	38.3	52.6	33.6	11.3	12.6	8.3	11.6	12.3	10.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—				
3 Huntington, W. Va.	44.4	46.3	42.6	52.9	55.3	50.5	6.8	6.9	6.6	—	7.4	—	—	—	—	—	—	—	—	—	—	—	—	9.7	—	—	—				
Baltimore, Md.	43.4	51.0	37.9	40.9	47.4	37.6	14.1	22.8	7.5	13.5	23.3	6.7	41.8	44.0	40.2	40.5	42.8	37.9	—	—	—	—	—	—	—	—	—	—			
4 Birmingham, Ala.	42.9	45.4	38.7	40.9	42.9	37.4	17.5	19.2	15.8	22.3	23.6	21.0	39.0	45.3	35.0	43.7	50.2	40.0	12.0	13.2	10.7	10.9	11.4	10.2	—	—	—				
Atlanta, Ga.	35.7	40.2	31.1	34.1	38.2	30.0	13.7	16.0	11.4	12.2	12.7	11.7	34.4	37.6	31.3	35.2	35.6	34.8	11.9	13.1	10.7	11.1	11.7	10.6	45.6	36.3	—				
Kansas City, Mo.	52.8	78.1	55.2	64.8	77.3	52.7	—	15.3	—	—	14.9	—	50.1	55.0	46.5	46.4	62.0	42.6	10.5	11.5	9.6	9.6	10.1	9.0	—	—	—				
5 St. Louis, Mo.	54.7	63.5	49.2	53.0	61.3	48.4	20.3	22.2	16.6	20.7	25.0	16.6	44.9	54.3	38.5	44.0	50.5	39.8	—	—	11.6	16.2	7.0	58.0	47.6	—	—				
Little Rock, Ark.	35.4	48.1	34.3	39.7	49.3	32.7	16.1	19.8	12.3	12.2	12.9	11.6	—	—	—	—	—	—	10.8	12.5	9.2	11.6	13.2	10.1	49.7	18.0	—				
6 Cleveland, O.	47.4	52.4	41.6	45.8	53.3	38.7	18.3	26.7	12.5	17.5	24.1	12.6	46.5	48.4	45.0	41.6	55.3	43.2	10.3	13.1	4.0	8.5	9.9	3.5	70.3	45.4	—				
Cincinnati, O.	41.6	51.5	33.2	49.7	58.5	40.0	11.3	15.2	9.5	17.2	35.3	9.2	39.8	44.8	36.4	50.1	61.4	43.5	—	—	—	—	—	—	—	61.8	52.4	—			
Columbus, O.	46.0	52.9	45.0	46.8	50.5	43.0	14.4	14.7	14.1	13.9	15.2	12.7	45.8	53.1	45.6	45.0	52.1	42.0	14.4	45.0	10.0	13.9	39.0	10.4	—	—	—				
Toledo, O.	47.9	52.1	47.2	46.2	53.0	45.0	20.4	21.6	16.4	19.5	20.4	17.5	62.0	64.0	50.0	47.7	49.0	46.3	—	17.8	—	—	19.0	—	42.2	36.0	—				
Youngstown, O.	48.9	49.4	48.4	46.7	47.6	45.7	16.8	18.3	15.2	16.4	17.5	15.2	42.4	52.5	32.3	47.4	64.2	30.5	17.8	19.9	16.0	17.1	17.5	16.7	—	—	—				
Detroit, Mich.	54.6	64.9	41.6	54.6	65.1	41.1	23.2	27.6	17.1	22.7	25.4	18.6	53.9	59.5	48.1	52.7	57.4	45.5	—	—	—	—	—	—	—	61.0	60.0	—			
Grand Rapids, Mich.	45.2	51.2	37.2	40.1	40.8	39.3	—	—	—	—	—	—	49.2	58.0	41.0	48.1	52.8	40.3	14.4	22.2	9.0	12.6	17.0	7.7	—	—	—	—			
Milwaukee, Wis.	50.6	59.0	47.5	48.5	56.5	45.2	20.3	23.3	19.6	20.2	20.3	17.5	—	55.7	—	—	53.0	—	—	—	—	—	—	—	74.9	35.0	—				
Springfield, Ill. *	33.7	47.1	15.0	30.0	44.9	6.8	—	—	—	—	—	—	32.6	35.2	30.0	28.8	29.0	28.6	19.9	30.4	11.2	18.2	26.6	13.3	40.0	36.4	—				
Duluth, Minn.	56.2	63.8	48.7	51.7	55.3	48.2	20.5	23.0	18.0	20.7	22.2	19.2	39.8	42.6	37.0	—	33.0	—	—	—	—	—	—	—	—	—	—	—			
St. Paul, Minn.	55.6	61.4	49.8	55.2	64.2	48.6	—	—	—	—	—	—	42.8	52.6	31.0	38.8	45.3	30.0	—	—	—	—	—	—	—	—	—	—	—		
Minneapolis, Minn.	66.5	76.0	61.5	63.3	67.1	58.3	20.1	24.1	13.2	19.2	22.5	13.2	61.2	63.6	58.8	59.0	62.0	56.0	—	15.5	—	13.4	15.0	11.8	67.6	—	—	—			
7 Davenport, Ia.	52.6	52.7	52.6	49.5	50.0	49.0	16.5	18.0	15.1	16.1	18.5	13.7	—	49.0	—	—	47.0	—	—	—	—	—	—	—	—	—	—	—	—		
Des Moines, Ia.	44.8	51.5	37.9	39.3	50.4	37.4	—	12.4	—	—	11.7	—	45.0	46.0	43.8	49.0	49.0	44.2	—	—	—	—	—	—	—	—	—	—	—		
Cedar Rapids, Ia.	52.4	56.1	42.3	51.0	57.4	34.7	24.8	26.6	23.0	20.4	21.0	19.8	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—		
Sioux City, Ia. *	—	—	—	47.5	56.4	40.0	—	—	—	17.0	22.5	15.8	—	—	—	—	46.5	—	—	—	—	—	—	—	—	—	—	—	—	—	
Omaha, Neb.	—	46.3	—	—	45.7	—	—	—	13.0	—	—	12.1	—	47.7	62.5	35.1	42.6	52.7	36.4	—	—	—	—	—	—	—	—	—	—	—	
8 Tulsa, Okla.	58.0	71.9	49.3	54.1	62.7	54.0	14.0	25.7	13.1	16.0	26.7	13.7	46.6	47.1	46.0	45.4	53.8	37.0	—	—	—	—	—	—	—	—	—	—	—		
San Antonio, Tex.	—	—	—	42.5	44.0	39.0	—	12.2	—	13.4	—	47.7	49.0	46.5	47.4	50.0	47.4	9.8	10.0	9.5	9.7	10.2	9.2	57.4	—	—	—				
Denver, Colo.	47.4	52.1	43.5	45.0	49.1	41.6	14.6	15.1	12.8	14.9	17.2	14.0	47.4	48.5	46.2	45.6	46.3	44.9	—	—	—	—	—	—	—	10.7	—	—			
9 Salt Lake City, Utah	50.0	55.2	45.1	51.9	59.8	46.5	22.8	27.6	17.7	21.4	25.9	18.6	—	—	—	—	44.0	—	41.6	50.0	33.3	—	—	—	—	—	—	—	—	—	
Casper, Wyo.	—	105.5	—	—	98.6	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	
Portland, Ore.	41.2	57.3	35.4	41.5	73.6	35.9	15.7	15.8	13.1	15.7	16.6	11.9	40.0	48.4	39.4	39.6	43.0	35.2	—	—	—	—	—	—	—	—	—	—	—		
10 Spokane, Wash.	52.3	56.4	48.2	51.4	54.8	48.0	13.2	14.3	12.0	13.8	14.2	13.5	39.5	49.0	30.1	39.5	50.0	29.1	—	—	—	—	—	—	—	—	—	27.0	18.9		
Tacoma, Wash. *	—	—	—	49.4	57.9	40.8	—	—	—	16.5	16.6	16.5	—	—	—	—	51.2	—	—	—	—	—	—	—	—	—	16.1	16.4	14.3	—	—
San Francisco and Oakland, Calif. }	41.8	47.8	36.9	42.3	49.4	36.6	17.6	21.0	13.1	20.2	31.9	14.0	36.6	49.4	34.5	36.1	49.5	33.5	12.8	31.6	10.1	14.8	27.9	11.5	—	—	—	—	—		
11 Los Angeles, Calif.	59.8	65.0	47.6	59.7	64.0	49.2	18.8	21.9	17.2	20.9	23.6	16.6	52.3	59.																	

es. January, 1937, Versus January, 1936 —

COMPILED BY RESEARCH DIVISION—NATIONAL RETAIL CREDIT ASSOCIATION

**8 Cleaning and Dyeing  
11 Building Supplies**

<sup>12</sup>Optician  
<sup>13</sup>Grocery

<sup>14</sup>Stationery, Office Supplies  
<sup>15</sup>Florist

<sup>16</sup>Hardware  
<sup>17</sup>Music

**18 Dairy  
19 Drugs**

**20 Sporting Goods  
21 Leather Goods**

... in the United States and Canada ... Contribute These Figures Monthly



# "Inactive Control" Makes Credit Department Productive

By MAURICE B. SILVERSON

Manager of Credit Sales, The Landres Company, Memphis, Tenn.;  
Director, National Retail Credit Association

HOW many times as a credit executive have you been confronted with this problem? Your seasonal pick-up of business has begun with details and extra accounting work increasing beyond completion during the regular business day. The credit department has been operating with a reduced force to curtail expenditures for the off-season periods. You have been working nights trying to catch up, but all efforts seem to be in vain.

Then you cautiously slip down to the "Boss's" office with a nice little speech prepared, supported by data that you think will warrant immediately his saying, "Why, certainly you need more help in your department to take care of this extra work, and you may increase your pay roll expense in accordance." *But here is what he usually says:* "I agree with you that your work is a little heavier than it has been for the past few months, but maybe it will not continue to hold up this way much longer, and we would like to avoid this extra expense if possible, especially in your department which is 'NON-PRODUCTIVE.'"

This one word, "Non-Productive," has been a nightmare to credit executives since the beginning of credit granting. One day, about eight years ago, my boss was sold on the idea of a direct "inactive-control," and after considerable thought we installed it. I could then faintly see, and had hopes that some day his credit department would be as his sales department, "PRODUCTIVE." The realization of this dream has now come to pass!

The eight years during which our inactive-control has been in operation (even through the depression period) will show results that would amaze any business owner. The following outline of operation will give you an idea of its success—at a very small increase of department expense.

The young lady who was employed to take charge of this department was one experienced enough to operate all multigraph equipment. The first of each month she goes over records, and lists all the names of persons who have not made purchases for three consecutive months. These are then grouped and given a campaign number.

This list is then turned over to me for inspection, and all names eliminated that are not considered desirable charge accounts to solicit. Then, with the cooperation of the advertising manager, a series of four letters is drafted for this individual campaign. These are mailed to each name on the list at two-week intervals, unless the prospect makes a purchase at some time during the campaign.

Before the letters in each two-week group are mailed, the tally sheets listing all the inactive accounts are checked carefully to be sure that no purchases have been made as a result of the previous letter. Where a purchase has

been made, the amount of the sale is listed on this sheet which automatically cuts this name from the inactive account mailing list only to be picked up again at some future date when (and if) it has again become inactive for a period of three months.

Hence, not only is the list maintained in an accurate manner, but also a complete check of just how much these individual letters are accomplishing is constantly made. The best letters are used again on an entirely new group, while the less resultful are cast aside. A constant study of the letters has enabled us to keep the cost per sale very low.

Experience has disclosed some very interesting facts relative to such a campaign that are well worth consideration. From 1928 up until 1931, we sent these letters at intervals of two weeks. Then, during 1931 through 1933, the depression's heaviest years, we mailed them only once a month, taking every possible precaution that the person who received one of these letters was then a desirable charge customer.

Since 1934, we have gone back to the two-week mailings, which are found to be more profitable. The letters themselves are not long but sincere. Each bears the signature of Mr. George Landres, President. In a recent successful campaign the following letter was used as the opening missive in the campaign:

We wonder if we've lost a friend? For the past several months, your charge account has not been used . . . and that is of real concern to us for we have always valued such desirable patronage as yours.

We hope there is no dissatisfaction, but if there is . . . won't you . . . in friendly confidence . . . give your unreserved and honest criticism . . . that we may make amends.

Of course, if there is no other cause than a "lull" in your buying activities . . . then we will be glad to welcome you back with an offering of alluring spring fashions at prices in keeping with present-day conditions.

Won't you let me hear from you?

Sincerely,

Letter number two is just a little more concise, a little more direct, in its appeal to the customer:

There must be some reason why you have not purchased here recently! Won't you tell me what it is? Perhaps you think one account among thousands is of no great importance to me.

But, I am sincere in my efforts to make you realize my personal interest.

I always think of you as a personal friend of the store, and my regret at losing a customer is far greater than the pleasure of gaining one. So will you give us an oppor-

tunity to make amends if our organization has been at fault in any way?

Sincerely,

You will notice that the third letter is even more brief than the first or the second. This is to avoid taking any chances of becoming annoying:

This is the third letter I've written you . . . not to be annoying, but simply to show you beyond any doubt that I have appreciated your past patronage, and am sincere in my efforts to have you again as one of our valued customers.

So, if our organization has been at fault in any way, won't you tell me . . . that I may have an opportunity to "make good"?

Sincerely,

Number four is the wind-up, and we make it just as easy as possible for the prospect to reply. A business reply envelope is included, and only a half of the letterhead is used to carry the message to the shopper. The other half is reserved for the lady's reply and is plainly labeled to this effect. On the right side of the letter, in capital letters, is the short message, "THIS SIDE IS MINE," while directly opposite, on the left side of the letterhead is "THIS SIDE IS YOURS." The message from the store is, of course, under the "mine" side, and the sheet is blank, naturally, under the "yours" side to the left. Here is our final effort:

I've waited and waited every day, hoping to see your name on our records again or to hear from you.

We really miss you here at Landres. Won't you tell me, on this letter, just what we can do to win you back? It will only take a minute or two and probably will mean the renewing of our mutual friendship.

Sincerely,

Now in conclusion, and to prove my theory that the credit department can be made productive, I will give you the results of one campaign—number eight—which was started Aug. 1, 1936. There were one hundred seventy-three names on this list. A total number of 558 letters were sent at a cost of \$27.40, or 5c a letter. This amount produced \$935.98, which cost is less than 3 per cent. Many times campaigns have run less than 2½ per cent.

From the 173 names we succeeded in bringing back 82 accounts to our active ledgers. The campaigns are also broken up so as to solicit the inactives in individual departments such as underwear, ready-to-wear, millinery, hosiery, etc., also in classes such as teachers, housewives, stenographers.

Just stop for a moment and give this

thought to your inactive ledger accounts: that each one is as much an asset in proportion as the merchandise or stock in any business, and if you will be a salesman by selling these inactive accounts your department will come under the productive class.

## National Takes Over Retail Distribution For "Credit Traffic Signal" Stickers

As announced on the back cover of this issue, the National Association has taken over the retail distribution of the "Credit Traffic Signal" stickers. These, it was felt, would round out our sticker assortment, giving our members the choice of three series of stickers, in three price ranges.

Arrangements are being made to have all credit bureaus stock these in quantities for the convenience of their members. Many local associations are already using these and reporting excellent results. *Send in a trial order.*



What a shock  
and surprise!

.... when I took your name from our file,

While checking our Customer List, I ran across your card as you see it above. No purchases for a long, long time.

I couldn't believe you had deserted Landres. I have always thought of you as one of our preferred customers, and you can imagine my surprise to find it had been months since you were in.

It caused a pang deep inside because we have tried diligently to assure our customers first consideration in order to establish friendly, regular trade. If this policy is ever violated, I feel personally responsible, and welcome the opportunity to adjust it as a personal matter.

If this has happened in your case, please allow me to correct the situation; for your satisfaction as well as for my own. In any event, why not stop in soon, and let us know you still find favor with our store.

A ledger sheet awaits your purchases.

Sincerely yours,

The LANDRES Company  
*George Landres*  
President

GL:g

# Practical Methods for Profitable Credit

By JAMES G. McBRIDE\*

Comptroller, Geo. Innes Company, Wichita, Kansas

**A**PRACTICAL method for profitable credit is a vital element in salesmanship. For after the order for merchandise is taken, it is up to the credit executive to pass on the credit standing of the buyer. We all know that a sale is not consummated until it is collected. It is right here that we have the heart of the whole thing. If the credit executive is doing a good job, he will safeguard his firm against allowing unprofitable credit to be extended.

Despite the widely advertised selling of terms—*instead of merchandise*—today by certain groups of merchants, the “three C’s” of credit are as important today as they were twenty years ago. The same old fundamentals are *character, capital, and capacity*.

There are certain fundamental practices in every well-regulated credit office today. Beginning with the application for credit we must obtain essential information from the applicant. This application (see Figure 1) is taken in triplicate. The first copy is filed with the reciprocal report received from the credit bureau in a master file. The second copy goes to the billing machine operator or bookkeeper. The third copy is put in a date file to come up thirty days from the date of the first sale and at that time is checked with the ledger account to see how the customer paid. This information is placed on the back of the form.

If the customer paid his account in full it is then set up for another thirty days. The same procedure is followed for the third month. Ninety days from the date of the first sale, we figure up the limit for this account from our own experience. This triple check-up on the new customer’s capacity to pay his bill is the foundation stone on which we may expect to build a profitable credit experience.

Another essential record in the modern credit office is a customer’s record card (6" x 4"), placed in a Kardex File, bearing a six-year record by months, showing the total net charges by months, amount of cash paid each month and balance at the end of each month. This system is kept up to date by entering cash payments on the day following date payment is made. Net charges and balance are written up the first of the following month.

This card is readily available to the girl on the charge authorizing board. Records such as these have proved invaluable to credit executives, during the depression, in weighing an account of long standing under changed income conditions. (See Figure 2.)

There are certain form letters necessary to use in the follow-up work to maintain profitable collection percentages. Some personal letters must be used also. Sometimes we have to refuse an applicant an account and at the same time strive to retain his good will.

(We also use a pamphlet, sent out when an account is opened, with instructions on how to use the monthly charge account.)

\*Extracts from an address before the Seventh District Conference, Oklahoma City, Okla., Feb. 22, 1937.

The success or failure of collections is determined by the way in which a credit department follows up the promises to pay made by the customer. When a promise is made by a customer that he will pay a certain amount on a certain date, the credit office must set up this information for the date payment is to be made.

If the promise is not kept, the customer must be notified immediately that he has failed to keep his promise and that a payment is expected by return mail. It is only in this way that credit executives can educate the public that when a promise is made it is expected to be fulfilled.

Since the credit department is the first point of contact with the new customer it must necessarily be kept in mind at all times that it is of utmost importance to retain the good will of the customer. I firmly believe that a credit executive must be able to build, continuously, good will for his firm or he is not the right man for the position. It often proves true that a credit manager who refuses to allow a customer to overbuy is playing the part of a good friend!

Not only in the personal contacts with the credit office is the good will of the customer secured and retained but in the letters that must be sent to him when he gets into difficulties. These are only a few of the things a modern, well-organized credit department must do to make itself a profitable part of any business organization of which it is so important a part.

The credit department, however, cannot (in my opinion) operate with any degree of efficiency without credit bureau service. To attempt to get along without the information a bureau membership makes available would be as foolish as it would be to send our boys and girls to school without any books. The pupils and teachers would be all right, the physical set-up in perfect order, but the children would not have the vital source of information without which there could be no education.

You are all familiar with the type of report rendered by a bureau to its members and I have always felt certain that the membership fee cannot be looked upon as an expense item but is in the nature of a profitable investment. Every professional man and every retailer should be a member—for the particular reason that each must have the whole picture in order to weigh the credit standing of any man or woman. *It is essential to know how he pays his grocer, his banker, his dentist and doctor, and his store.* Only in this way can credit be extended intelligently and satisfactorily. The hook-up with the state and national and district associations gives us an immediate introduction to the newcomer in our community.

Another service of the bureaus is the issuance of a weekly bulletin containing valuable information collected from various sources.

I would like to mention briefly the meterized plan for selling electric refrigerators. It has been widely adopted throughout the country during the past year or so. In my opinion the plan is economically sound *when the terms do not extend over 24 months and where the applicant has*

an A-1 credit rating and his character is of the best. Otherwise a loss will be taken on the transaction.

During the early part of 1936, several of the electric refrigerator manufacturers tried to force on the retailers of the country a 36-month installment plan with no down payment. This was brought about by the FHA policy. The retailers for the most part turned down this proposition. Finance companies accepted this paper for the first six months but, under date of February 4, the First Ban-credit Corporation frankly stated that no paper would be accepted unless a cash payment of 10 per cent or more, as a down payment, was made.

This statement, made by one of the largest finance companies in the country, proves the unsoundness of the "no down payment" idea. When the manufacturer tried to have the retailer sell his refrigerators on a 36-month contract, he still required the retailer to meet his obligations to the manufacturer every 30 days!

Installment selling is a pitfall for the unwary merchant. He must take into consideration how much money he has to invest in accounts receivable before he starts into the installment game. The terms he will be able to give will necessarily be governed by the amount of capital he has to invest. He must determine how much he will have to have to carry a certain volume of sales for a stated number of months or years.

Let us imagine a business with a set-up of net sales of \$3,000 per month cash business or \$36,000 per year. Cost of sales is 80 per cent and gross profit 20 per cent. Turn-over, 6 times a year at retail on a volume of \$36,000 a year, would mean an average stock of \$6,000 at retail would have to be maintained. We will assume that the business can be increased by one-third, or \$1,000 per month and \$12,000 a year, by extending credit.

In order to do \$1,000 more business a month, the retailer would have to increase his average stock at retail in the amount of \$2,000 and at 80 per cent cost this would be \$1,600 at cost. The investment, from a charge account or accounts receivable standpoint, assuming that we would have a collection percentage of 75 per cent, would increase \$1,000 the first month. At the end of the second month, we would have an investment of \$1,250 which is arrived at as follows:

The entire amount of the second month's sales of \$1,000 would be outstanding plus 25 per cent or \$250.00 of the first month's sales due to our collecting only 75 per cent of the first month's sales during the second month. Now, we have an increased investment of \$2,850 in order to do an increased business of \$1,000 per month.

Not only do we have the problem of increased investment due to the increase in sales, but we also have the problem brought about by having at least one-third of the cash customers of the business go on a charge basis thereby requiring the investment of another \$1,250. This would give us a total additional investment of \$4,100 due to changing from a strictly cash business to a charge business. Unless a merchant had this amount of cash available it would be unwise for him to make a change in policy.

Changing from a cash and 30-day charge business to installment selling also would necessitate a large increase in capital. For example: A merchant doing an installment business of \$6,000 per month or \$72,000 per year with a 10 per cent down payment and 12 equal monthly payments would take an investment from an accounts receivable standpoint of \$35,100. The same merchant doing the same amount of business with a 10 per cent down payment extending the balance over an 18-month period would take an investment of \$51,300. This same merchant doing the same volume of business with a 10 per cent down payment and extending the balance over a 24-month period would take an investment of \$67,500.

(Continued on page 29.)

# Why We Have 300 National Members

By H. C. BUSH\*

Secretary, Des Moines Retail Credit Association, Des Moines, Iowa

BY OUR presence here we evidence a real interest in helping to make the work of the National Retail Credit Association, as well as our local units, powerful and effective factors in our business life. I am confident that we all have an enthusiastic faith in the value of the work we are doing. We know there are limitless possibilities of rendering a still greater service to our several communities. We are here to inspire each other's enthusiasm and strengthen our will to achieve.

Down through the years, since the founding of the National, many splendid local associations have been developed and exist as monuments to the persevering efforts of thousands of credit executives. The splendid achievements of these other large associations have helped us in Des Moines to a degree of success.

We have neither the biggest nor possibly the best association, but one in which we take pride. If we have accomplished something worth while that, in the telling, will inspire activity in bureau cities now unorganized, or if something we are doing can be taken home to stimulate an already established association, then the time now spent together will be justified.

Inasmuch as I have been a resident of Des Moines (and associated with the Bureau as sales representative) only since July, 1935, and commenced my duties as Secretary of the Association just a little over a year ago, you will understand that I did some research work so that I might talk to you comprehensively and to the point. I wanted to get at the background which was responsible for the decision made by the credit executives and the Bureau management in 1924 when they pioneered in making Bureau members (with some exceptions, as in the case of small retailers, doctors and dentists) also members of the local and National Retail Credit Associations. I understand the Des Moines Bureau was the first in the country to undertake such an arrangement.

My search for information began by going over the minutes and Association records, which report details of the meetings commencing in 1912, at the time the Association was founded as the O. K. Club, with 12 charter members. If I had time to read interesting excerpts from those records—you of Minneapolis, Sioux City, Lincoln, and other of the older Associations, would smile in fond recollection of just such problems as faced these credit association pioneers of ours. Standardized credit applications, Pay-Up Weeks, the extent of the ledger information that should be exchanged through the Bureau, uniform terms, etc., all came in for extended discussion.

The success of the weekly groups soon led to the addition of a monthly meeting with programs much on the present order.

About 1915, some of the members attended a National Convention of the National Retail Credit Men's Association, and, as far as can be learned, Des Moines has since

\*An address before the Sixth District Conference, Davenport, Iowa, February 15, 1937.

that date always had a representative group at the National meetings.

The inspiration and knowledge these delegates always brought back has been a cumulative and powerful element in promoting the successful growth of our organization. It has been as the leaven in our bread.

Incidentally three of our members have been honored by election to the Board of Directors of the National Association. By virtue of this contact, their influence was enlarged and they had a tremendously vitalizing effect on the local association, which cannot be overestimated.

It quickened the members' interest in the work of the National organization and made them receptive to every forward-looking move in credit education and control. We are today well established and will continue to advance on the sound foundation built by these leaders.

Bureau managers who complain about credit conditions in their communities, who deplore the lack of cooperation on the part of their members and find no interest in the organization of a credit Association, should leave no stone unturned in an effort to induce the potentially live-wire merchants or credit executives of their communities to attend these District and National credit conclaves. *Arouse their enthusiasm and these members will do more to promote the needed ideas in the community than will any high-powered salesman.*

But I am getting ahead of our experience in Des Moines. Prior to 1917, several of the larger Des Moines stores were members of the National Association and had taken an active part in its affairs. Their enthusiasm led, at this time, to the affiliation of the entire membership of the local group with the National Retail Credit Association and the name was changed to the Retail Credit Men's Association.

Then, in March of 1919, the Association took an important step which increased and stabilized attendance at monthly meetings. I refer to the raising of the dues to include the price of the monthly dinners. It scarcely seems necessary to point out that both the credit executive and the firm he (or she) represented benefited by this arrangement. The expense of attending the meeting was no barrier to the credit man, and his employer had a right to insist that he take advantage of every opportunity to learn and to increase his ability.

When the Association membership was again enlarged in 1924, the compulsory inclusion of the dinner charge in dues was eliminated, but nevertheless it is still encouraged, and about sixty members continue on this plan. These firms are the most consistent in attendance. That same year, our Association membership passed the one-hundred mark.

As in every such group there were a few who were chiefly responsible for this growth. They not only headed membership drives but talked Association membership at every opportunity. The Association was to them a hobby, a luncheon club, a trade group and a social organization

all rolled into one. They gave to it the best of their time and thought.

Nevertheless, problems arose that needed the help of more of the creditors in the community. The Association's activities demanded more time and direction than could be given by any of its members.

While those within the Association were cooperating in furnishing trade information to the Bureau and generally handling credits on a satisfactory basis, they represented only about one-fifth of the total membership of the Bureau. Association leaders realized that cooperation existed only in proportion to the personal contact among the creditors themselves and between them and the Bureau. They envisioned the benefits to be derived by having ALL CREDITORS reading The CREDIT WORLD each month and gathering at the meetings to thresh out the community's credit problems.

The Bureau had always cooperated with the Credit Men's Association in an earnest desire to render the best possible service. Mr. McIntire, the manager, saw the mutual benefit that would accrue by having bureau members become members of the Association. He saw it would give the credit men more voice in controlling policies of the Bureau to the satisfaction of both. Furthermore, the National Association had been aggressive in promoting a nation-wide bureau organization. The value of bureau service had been emphasized to the merchant and the credit manager, the work of the bureau manager had been made immeasurably easier, and the efforts of the credit man made more effective by reason of the educational activities of the National Association.

Therefore, with a unanimity of interest, our credit men and the Bureau worked more than two years in developing a plan to accomplish their purpose. They chose an experienced credit man, Ray W. Halstead, to serve in the dual capacity of sales representative for the Bureau and Secretary of the Association.

The Bureau rates and contracts were changed to include Association dues of \$9.00 per year; \$4.00 going to the Local and \$5.00 to the National. During the latter part of 1924 and throughout the following year, as fast as membership contracts came up for renewal, Mr. Halstead made personal calls explaining the new arrangements and was almost 100 per cent successful in effecting the change.

Well-timed newspaper publicity was very helpful and paved the way. But the biggest impetus to the whole move was an elaborate banquet held in January, 1925, to which all bureau members were invited and given complimentary tickets. Over four hundred were present to hear an inspiring address by Dave Woodlock.

This affair was undoubtedly the most successful event of its kind ever held by the Association, both in point of attendance and in interest aroused. The new relationship between Bureau, Local Association and National, was very favorably advertised with beneficial results that no amount of personal selling could have accomplished. Then to further clinch the campaign, at the next month's meeting the guest speaker was C. P. Younts, then Field Secretary of the National.

By this time the business community had reached a high degree of "credit association consciousness" from which we have continued to draw dividends in the way of good will and favorable comment through all these

years. Every time we of the Association discuss plans for some such special occasion, the ideas proposed are always measured in the light of the enjoyment of those organizational meetings in 1925.

The cooperation of the Bureau and the Association in meeting all expenses for this big "send-off" affair had much to do with its success. I believe that an occasional free banquet builds more good will than can possibly be created by advertising or personal salesmanship.

Mr. Halstead proved an efficient secretary, who, with the continuous assistance of a live group of officers, succeeded in upbuilding the membership until it was for a time the fifth largest Association in the country. We still continue to maintain a very favorable ratio of per capita membership, despite the fact that in 1934 the Bureau rate schedule was revised upward, and some of the members with limited credit sales volume were rewritten, as an economy measure, without Association membership. But as business revives we are again adding it to the smaller contracts.

I think you will probably better understand the present relationship between our Bureau and Association if I talk a little shop. We publish a rating book which is used by about 95 per cent of the bureau subscribers. The membership rates, with a book, are graduated on the basis of the credit sales volume, except for certain lines such as mortgage lenders, insurance companies, realtors, et al.

Our printed contract reads in part as follows: "This contract includes Credit Reference Book, Bulletins, Membership in the Retail Credit Association of Des Moines, the National Retail Credit Association, and blank amount of reports or equivalent service."

The new member generally accepts the contract thus presented without reservation. If he inquires concerning the Association, we explain its activities, its advantages, etc., and usually meet with favorable reaction. If too much resistance is offered by a merchant doing less than \$18,000 credit volume annually, Association dues are deleted, but none with this amount of sales or greater is accepted without the membership. Regular users of bureau service who do not subscribe for the rating book are placed under what we call our service contract which also includes Association dues.

Obviously, our program of activities and accomplishments must keep pace with our growth in size to merit the continued financial support and interest of the membership. Ours is a position of trust, and that is the attitude of the directors and officers in guiding and planning. The programs of our monthly meetings are varied to include speakers and discussions of special as well as general interest.

Responsibility for one meeting a year is turned over to the ladies who never fail to set a high mark for the rest of the program committees. The May meeting is purely social, with an elaborate banquet, entertainment and dance. To this affair, we manage to attract many members who never come out during the balance of the year, but it serves admirably to build good will and friendly fellowship.

One of our most valuable activities is a weekly luncheon meeting with an average attendance of from 20 to 25. At this meeting we review a list of names, thresh out troublesome problems, discuss items of timely inter-

(Continued on page 31.)

# News of the District Conferences

**F**IVE Conferences (of seven Districts) were held in February—three more are yet to be held before the close of the Association year—and three others will "join in" with the Silver Anniversary Convention at Spokane in June (Districts Nine, Ten and Eleven). Reports of February meetings follow:

**DISTRICTS TWO AND TWELVE** held a joint Conference at the Mayflower Hotel, Washington, D. C., February 8 and 9 (in conjunction with the Columbia Regional Conference of Bureau Managers). The attendance was excellent—the program outstanding. Vice-President Ross and General Manager-Treasurer Crowder represented the National and Guy H. Hulse the N. C. C. R. C. There were 300 at the banquet, but, unfortunately, it was necessary to cut the photograph of the banquet picture (below) so that many who were there are not shown. The list of new officers and directors, which was not received by press time, will be published in the next issue.

\* \* \*

**DISTRICT SIX** met at the Blackhawk Hotel, Davenport, Iowa, February 14, 15 and 16. Attendance was exceptionally good, the program one of many excellent addresses. The National Office was represented by Secretary Hert and N. C. C. R. C. by Secretary Caldwell.

Results of the annual election:

Ralph Cornelison, H. A. Rogers Co., Minneapolis, Minn., President; H. R. Amos, McGee's, Inc., Lincoln, Neb., Vice-President; John A. Gobeil, Daily News Publishing Co., St. Paul, Minn., Secretary-Treasurer. Directors: Dean Ashby, Davenport, Ia.; Frank Bartels, Sioux City, Ia.; D. D. Bolen, Des Moines, Ia.; Mrs. Clara Haney, Omaha, Neb.; Harold Pederson, Duluth, Minn.; and Irving Weber, Iowa City, Ia.

Benj. F. Collins, of Warner Hdwe. Co., Minneapolis, continues as National Director.

\* \* \*

**DISTRICT FIVE** had more than 250 registrations at its Conference which met at the Hotel Statler, Detroit, February 15 and 16. Over 400 were present at the annual banquet, which was a "howling success."

The program was of the highest order—the group conferences all well attended—the dairy group for instance (usually small), having an attendance of 25. The

National Association was well represented by Vice-President Ross, Past Presidents Ahl and Driver, National Director Ost, and General Manager-Treasurer Crowder. N. C. C. R. C. was represented by Guy H. Hulse, Executive Vice-President and General Manager.

The following were elected for the coming year:

President, Gordon W. Fischer, Tuttle & Clark, Detroit; Vice-President, T. J. Mangin, Jr., Wm. D. Hardy & Co., Muskegon, Mich.; and Secretary-Treasurer, O. L. Pfau, Strauss-Hirschberg Co., Youngstown, Ohio.

Directors: C. A. Brandes, Akron, Ohio; I. J. Tierney, Detroit; M. H. DeWitt, Grand Rapids, Mich.; B. D. Churchman, Toledo, Ohio; Roy H. Gale, Cincinnati, Ohio; and F. A. Matatall, Ottawa, Ontario.

\* \* \*

**DISTRICTS THREE AND FOUR** met in joint Conference, February 21, 22 and 23, at the Biltmore Hotel, Atlanta, Ga. Attendance was above par and the program one of unusual merit. The National Office was represented by General Manager-Treasurer Crowder and N. C. C. R. C. by Secretary Caldwell. Names of newly elected officers and directors had not been furnished the National Office at the time of going to press.

\* \* \*

**DISTRICT SEVEN** met in Oklahoma City, Okla. (at the Biltmore Hotel) February 22 and 23. Attendance was unusually good—277 registrations—and the program, a *top-notcher*, "clicked" all the way through. The banquet Monday night, attended by over 300, had the unusual distinction of having a college professor as guest humorist—and he was a humorist. The National Office was represented by Daniel J. Hannefin, and N. C. C. R. C. by Guy H. Hulse. Annual election results:

Louis Wellinghoff, Boyd-Richardson Apparel Co., St. Louis, President; R. C. Warren, Arkansas Power & Light Co., Pine Bluff, Ark., Vice-President; and Miss M. Grace Dewey, Newmann Dry Goods Co., Arkansas City, Kansas, Secretary. Directors: H. R. Stuart, Tulsa, Okla.; Mrs. H. M. Grove, Joplin, Mo.; Miss Ruth Wright, Oklahoma City, Okla.; J. B. Haberer, Fort Smith, Ark.; Max Lichtenstader, Little Rock, Ark.; and F. T. Eisenbach, Wichita, Kansas.

E. F. Horner, Kline's, Inc., St. Louis, continues as National Director, with H. J. Burris, of John Taylor Dry Goods Co., Kansas City, Mo., as alternate.



Photograph of Annual Banquet—Joint Conference of Districts Two and Twelve, Washington, D. C., February 8, 1937

# National Membership Notes

**I**N JANUARY, we published a list of all local associations having 200 or more National members, and in February those having from 100 to 200. Now, we complete the list by showing below all cities having 10 or more National members but less than 100:

**ALABAMA:** Birmingham, 79; Montgomery, 25; Tuscaloosa, 21.

**ARKANSAS:** Fort Smith, 19; Little Rock, 42; Pine Bluff, 10.

**CALIFORNIA:** Bakersfield, 14; Modesto, 15; Sacramento, 10; San Diego, 11; San Jose, 17; Stockton, 12.

**COLORADO:** Colorado Springs, 24.

**CANADA:** Calgary, 41; Ottawa, 48; Victoria, 14; Winnipeg, 12.

**CONNECTICUT:** Bridgeport, 19; New Haven, 17.

**DELAWARE:** Wilmington, 24.

**FLORIDA:** Jacksonville, 24; Miami, 29; St. Petersburg, 29.

**GEORGIA:** Atlanta, 25; Savannah, 32.

**IDAHO:** Boise, 14.

**ILLINOIS:** Chicago, 36; Springfield, 12.

**INDIANA:** Indianapolis, 17; South Bend, 44.

**IOWA:** Cedar Rapids, 34; Davenport, 59; Mason City, 25; Sioux City, 25; Winterset, 15.

**KANSAS:** Topeka, 51.

**KENTUCKY:** Louisville, 59.

**LOUISIANA:** Baton Rouge, 36; Monroe, 27; New Orleans, 26; Shreveport, 15.

**MASSACHUSETTS:** Boston, 35; Lynn, 11; Worcester, 13.

**MICHIGAN:** Detroit, 37; Grand Rapids, 16; Lansing, 11; Muskegon, 22; Pontiac, 12.

**MINNESOTA:** Duluth, 47; St. Paul, 79.

**MISSOURI:** Jefferson City, 62; St. Joseph, 47.

**NEBRASKA:** Lincoln, 49; North Platte, 10; Omaha, 64.

**NEW JERSEY:** Newark, 43; Plainfield, 13.

**NEW MEXICO:** Gallup, 24.

**NEW YORK:** Albany, 29; Auburn, 32; Buffalo, 11; Rochester, 75; Schenectady, 33; Syracuse, 11.

**OHIO:** Cincinnati, 28; Columbus, 14; Dayton, 13; Springfield, 25; Toledo, 15; Youngstown, 31.

**OKLAHOMA:** Muskogee, 11; Oklahoma City, 68.

**PENNSYLVANIA:** Harrisburg, 19; Lancaster, 48; Philadelphia, 26.

**TENNESSEE:** Chattanooga, 29; Cookeville, 11; Knoxville, 21.

**TEXAS:** Amarillo, 11; Austin, 12; Beaumont, 13; Corpus Christi, 14; San Antonio, 83; Wichita Falls, 11.

**UTAH:** Salt Lake City, 60.

**VIRGINIA:** Norfolk, 10; Richmond, 13; Roanoke, 12.

**WASHINGTON:** Bremerton, 12; Seattle, 55; Tacoma, 42; Walla Walla, 13.

**WEST VIRGINIA:** Charleston, 25; Huntington, 56; Morgantown, 11.

**WISCONSIN:** LaCrosse, 15; Madison, 12.

\* \* \* \*

Returning from the joint Conference of Districts 3 and 4, held in Atlanta, it was the privilege of your General Manager-Treasurer to attend the weekly meeting

(February 24) of the Birmingham Association, attended by approximately 75 members. At that meeting, it was reported that 43 members, local and national, were secured during the campaign, which closed just prior to the District Conference.

Mr. W. V. Beddow, captain of the "Vulcan" team in the membership drive, was presented a silver loving cup as a reward to his team for obtaining the largest number of new members, and Leo M. Karpeles, general chairman of the campaign, laid special stress on the inscriptions on the cup put there by his rivals in the campaign. (Mr. Beddow personally secured fourteen members the week ending February 12, and stated that he had several others lined up.)

General Chairman Karpeles reported that the campaign would be continued, so the members of the three teams might become charter members of the *Silver Jubilee Club*.

\* \* \* \*

At the joint Conference of Districts 2 and 12, held in Washington on February 8 and 9, Vice-President J. Gordon Ross and Fred Waite, Manager of the Credit Bureau of Rochester and Secretary of the Rochester Retail Credit Association, stated that plans were under way for an intensive membership drive and, before the close of the campaign in May, Rochester would be heard from in a very substantial way.

\* \* \* \*

Plans for the formation of the *Silver Jubilee Club* of the N. R. C. A. were announced at the Conference of Districts 3 and 4 and were enthusiastically received. Many of the delegates present promised to forward to the National Office at least one new member, to qualify as members of the *Silver Jubilee Club*.

\* \* \* \*

John W. Stiers, Secretary-Treasurer of the Houston Trunk Factory, Houston, Texas, writes that the 5th District of Texas (composed of 16 counties) is planning to organize a credit men's association in each county seat. "State and National memberships," he says, "will follow."

## Membership Blank

National Retail Credit Association  
1218 Olive St., St. Louis, Mo.

I hereby apply for one year's membership in your Association, subject to acceptance by you and by your recognized unit in this locality. I enclose \$5.00 which I understand entitles me to all the privileges of membership, including a year's subscription to "The Credit World."

Name .....

Title .....

Firm .....

Address .....

City ..... State .....

Recommended By .....

# Advantages of the Natural Business Year

By HENRY H. HEIMANN

Executive Manager, National Association of Credit Men (Wholesale), New York City;  
Chairman, Natural Business Year Council

WE ARE all more or less creatures of habit and business is no exception. Indeed, the bad habits of business retard the march of its progress. For instance: Just because December 31 happens to be the end of the calendar year, many business institutions make it the end of their business year.

This habit is costing a great many individual concerns thousands of dollars. The total cost to business, because of this habit, totals many millions of dollars.

It isn't that December 31 *cannot* be the proper closing date in your natural business year. It can be and, in some instances, is a natural date on which to make your yearly closing. Banks can close their books on December 31 without greater expense than if they closed their books on another date. But an automobile dealer who closed his books on December 31 instead of October 31 would be wasting money.

What do we mean when we speak of a natural business year? The natural business year of an enterprise is that period of 12 consecutive months which ends when the business activities of the enterprise have reached the lowest point in their annual cycle.

In the retail field, various dates have been found to represent the closing period of a natural business year. The retail hardware store generally will find June 30 the best time to close its books and report on its twelve months' operations. Eighty per cent of the retail dry-goods stores close their books on January 31 for the twelve preceding months. Florists can generally best close their books on June 30.

What do you gain by closing your books on a natural-business-year basis?

First, you effect an economy in your cost of taking inventory. Second, you are able to present a more accurate account of your year's operations. If you close your books when your inventory is at its peak, even a slight variation in inventory price, if multiplied by a large number of units, can give you an inaccurate picture of your financial position.

Third, another advantage of closing after the natural-business-year period is that your payables and receivables are generally at their lowest then. Given an accurate picture, at that particular time of the year when your activity is at its lowest ebb, you are really fortified with the data so necessary for careful planning of your next year's operations. You can analyze your results and draw sounder conclusions. You can appraise your sales and distribution problems more accurately.

In years gone by there was some reason for business concerns adopting and holding to the calendar year, January 1 to December 31. Tax laws did not allow closing as of a particular fiscal year but demanded returns on a calendar-year basis ending December 31. This, however, was corrected many years ago. There is no penalty attached to closing your books regularly at any period that is advantageous to you from an operating standpoint.

Around December 31, too many business firms are engaged in considerable activity, whereas there are other periods during the year when there is a slack time. What plan could be more logical than to prepare the various year-end reports, to close your books and to engage in inventory-taking during the time when your business is at the least active part of its cycle?

The credit department of any business should welcome the introduction of the natural-business-year plan wherever feasible, for it will be a sensible and money-saving method of work-spreading.

Business men have been so interested in securing the adoption of a natural business year that they have organized the Natural Business Year Council. It has offices at 135 Cedar Street, New York City. This Council has made a research study of various lines of industry and a letter addressed to the Council will advise you what the studies indicate should be your natural closing date and how to apply it to your firm's activity. The Council is composed of representative business men who are interested in this purely from the standpoint of bringing economy to business and getting more accurate reports.

If you are doing business today largely along the same lines that characterized your operations ten years ago, an analysis may well be in order. You may find that your present methods are still sufficiently modern and efficient. But it is more likely that you will find some method not as modern as it might be. And do not overlook the benefits you can have by using the natural business year as a basis for your operations.

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## Read These Books:

**Credit Department  
Salesmanship**

A complete and authoritative manual on such important topics as:

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### NATIONAL RETAIL CREDIT ASSOCIATION

Executive Offices, St. Louis, Mo.

# Spokane's Contributions To the National Association

By RALPH W. WATSON  
Past President, National Retail Credit Association

WHEN the delegates to the Silver Jubilee Convention arrive in Spokane in June, they will come to a city that fully appreciates its credit men and their important work. The Spokane Association was functioning as a useful business and civic organization two years before the National Association was born.

Ten of the National's original thirty-two charter members were Spokane credit men. The National's first vice-president was a Spokane man. The Spokane Association became "100 per cent national" in its membership eighteen years ago and from that time has maintained a national membership ranking among the first ten in the United States, although Spokane is a comparatively small city.

When the Spokane Association became 100 per cent national, there was no other local credit association north of San Francisco nor west of Denver. The states of Oregon, Washington, Idaho, and Montana, and the Province of British Columbia had no credit associations, although they did have some credit bureaus. The National Association officers then assigned to Spokane the task of bringing about the formation of local associations in the more important Pacific Northwest cities and the job was begun.

In less than a year, our objective was accomplished in Portland, Seattle, Tacoma, and Yakima, and later on other local associations were formed. Spokane men had a direct influence in the formation of practically every one of them. Now there is no city large enough to support an association that does not have one. Most of them are 100 per cent national.

Having encouraged the credit men of these various cities to form local associations, it seemed to the Spokane members that they had yet another duty to perform. So, in February, 1921, Spokane became the host city to the first Pacific Northwest Conference to which all of the credit men from the four Pacific Northwest states were invited.

The attendance was surprisingly large and the meeting was immensely successful. It was the first of similar conferences that have been held within that territory every single year since that time. Vancouver and Victoria, B. C., which have strong associations, also have each entertained the Conference once.

From Spokane has also come National Association leadership. Four Spokane men have been National directors; three have been vice-presidents; two have been Presidents, including the present incumbent, Mr. Barnes. The "Community Credit Policy," now universally accepted as an essential factor in association work, was originated by a Spokane man.

The purpose of this little article is not to boast of what Spokane has accomplished, but rather to emphasize to each of you who plan to be here in June that in Spokane you will meet men and women of your own kind, who speak your language, who understand your problems, and who appreciate the honor of your visit!

You will be welcomed to a city which is conscious of the useful part each of you takes in the transaction of good, sound business and of the civic worth of the work your respective local associations are doing. The whole

(Continued on page 31.)

## Register Early!

(Hotel Davenport  
is the official  
Convention  
Hotel)

Fill out the card  
and Mail it Now!

Going?  
Of Course  
You Are!

### Registration Card

NATIONAL RETAIL CREDIT ASSOCIATION and  
NATIONAL CONSUMER CREDIT REPORTING CORPORATION

Silver Anniversary Convention, June 15, 16, 17, 18, 1937

Observing the Silver Anniversary at Spokane, Washington

State \_\_\_\_\_ City \_\_\_\_\_

Name \_\_\_\_\_

Address \_\_\_\_\_

Firm \_\_\_\_\_

Will wife accompany you? \_\_\_\_\_ Railroad or auto? \_\_\_\_\_

Hotel \_\_\_\_\_ (single or double room) at \$\_\_\_\_\_ per day

What group conference will attend \_\_\_\_\_

Will arrive (exact date) \_\_\_\_\_ A.M./P.M. depart \_\_\_\_\_

Registration Fee for Delegates—including Banquet and Entertainment, \$10.00. For Wives of Delegates, \$5.00.

(Fill out and mail to Sam Haddock, care Spokane and Eastern Bank, Spokane, Washington)

# Credit News Flashes-- Personal and Otherwise

## Cleveland Credit Women Elect

The Cleveland Women's Credit Club, first of its kind in the country, went solemn Tuesday evening, February 23, for one of the few times in its existence. The occasion was a change of presidents, *the first since the Cleveland Credit women banded together nearly eight years ago.*

Mrs. Catherine Doody Bartlett, manager of the Cleveland Bureau's Trade Department, was guest of honor,

"Exhibit A," and focal point of the meeting. Mrs. Bartlett was finally to become—at her insistent request—ex-president of the club. Mrs. Ida Bell, of the Merchants Finance Company, was to take over the office.

Everybody felt "throat-lumpy" about it. And just at the right moment, incoming President Bell turned to outgoing President Bartlett, presented her with a handsome gift from members of the club, and then read a beautifully printed tribute that had been prepared to go with it. This is what she read:

Seven years and eleven months ago, our girls brought forth in this city a new club, conceived in credit and dedicated to the proposition that betterment is free to all. Now we are engaged in a mild warfare, testing whether this club or another club so conceived has longer endured.

We have gathered tonight to dedicate a portion of our program as a fitting recompense to the girl who gave her talent that this club might endure. It is altogether fitting and proper that we should do this, but in a larger sense, we cannot give thanks, we cannot dedicate, we cannot praise just Catherine. The many girls, present and absent, who have contributed much, have established this club far beyond any future power to add or detract.

CREDIT WORLD will little note nor long remember what we say here but it cannot forget what they did here.

It is for us, the present members, rather, to be dedicated to the great task remaining before us, that from these honored members we take increased devotion to the club for which Catherine gave fullest measure of devotion and that we here highly resolve that this girl shall not have worked in vain but that this club under Cleveland Retail shall have a renewed interest in credit, that this club of credit women, by credit women and for credit women may not vanish from Cleveland.

Other officers who serve with President Bell this year are Mrs. Yvonne K. McGlone of the Credit Bureau, Vice-President (re-elected); Miss Luise Remesch of Frank X. Russert Jewelry, Secretary; and Miss Rosalie Palmer of the Bailey Company, Treasurer. The Board of Governors includes the officers, Mrs. Bartlett, Miss Katherine Kinney of the I. J. Fox Company, and Mrs. Frances Fischer of the Fuller Dry Cleaning Company.

—

Join the Silver Jubilee Club now and become a charter member. See announcement on page 1 of this issue.



Mrs. Ida D. Bell

## New York's Annual Election

At the annual meeting of the Associated Retail Credit Men of New York City (last month) the following were elected: President, A. J. Kramer, Borden's Farm Products; Vice-President, James E. Brice, Bloomingdale Brothers; Secretary, A. B. Buckeridge, Credit Bureau of Greater New York, Inc.

Directors: Two-year terms—George Miller; Louis H. Jacobs; M. B. Doremus; Daniel D. Grumley; James M. Malloy; and James E. Brice. One-year terms—Wm. J. Morgan; Walter E. Baab; and A. J. Kramer.

\* \* \*

The Oregon Retail Distributors' Association—a state-wide organization of retailers—has just completed its organizational work. Complete details in the April CREDIT WORLD.

\* \* \*

## Giles Driver Heads Cleveland Group

Giles C. Driver, Credit Manager of The May Co., Cleveland, and Past President of the National Retail Credit Association, was elected President of the Cleveland Retail Credit Men's Company at its recent election. C. H. Dicken, Credit Manager, William Taylor Son & Co., was elected Vice-President. Re-elected were F. R. Dill (of the Cleveland Trust Co.), Treasurer; and William H. Gray, Secretary-Manager (his 20th consecutive year).

\* \* \*

## Accountant and Office Manager Wanted

Young man, thoroughly experienced retail business; capable handling general books, rendering monthly operating reports, unit and stock control. State accounting education, age, marital status, names of firms by whom employed and length of time. Applications strictly confidential. Address P. O. Box 457, Shreveport, La.

\* \* \*

## Positions Wanted

**CREDIT SALES EXECUTIVE**—He can qualify for any executive position entailing open accounts or installment finance wherein vision, character, ability to analyse, and forceful but tactful experience are needed. Very successful as Credit Sales Manager (30 years) in three large Eastern department stores. He increased credit volume in the first; created a large volume in the second; and re-organized and developed the third. Past record endorsed by bankers, officers of corporations, and former employers. Address, Box 31, CREDIT WORLD.

\* \* \*

**CONTROLLER-TREASURER**—Administrator and organizer. Outstanding financial executive. Group and individual store experience—preparation and control of merchandise and expense budgets as well as investments. *Watchful of intangibles.* Address, Box 33, CREDIT WORLD.

## Retail Credit Inflation--A Possibility or a Fact?

(Continued from page 5.)

worst inflations in our history. Inflation is fundamentally bad because it leads to tremendous losses when people are least able to sustain such losses.

It is well for us to remember that this nation of ours was born in a great cradle of adversity. Not only did eight years of bloody warfare precede the Declaration of Independence but after the independence came the necessity of establishing our credit relations with the nations of the world. Thank God that our forefathers had vision enough to see that if America was to move forward she must respect obligations honestly contracted!

Credit, as originally understood, was designed as an aid to production and it has performed a magnificent service. *What we need today is to devise ways and means to use credit to aid distribution.* We should not forget that in the early days of our country's existence it was short of capital when capital was needed for production purposes. Today there is plenty of production and we have a population of approximately 130,000,000 people.

You members of the credit profession, especially in the retail field, have a wonderful opportunity to assist business generally and yourselves in particular. In formulating plans to aid the consumers in using and enjoying the fruits of production, this problem can be mastered and I am sure that you will be on the road to a real and enduring prosperity.



## Practical Methods for Profitable Credit

(Continued from page 21.)

Let us look at the picture from a gross margin standpoint. Assuming that the merchant made a 20 per cent gross margin, that would give him a gross margin of \$1,200 per month, on a basis of \$6,000 per month with 80 per cent cost or \$4,800. The sales less the down payment would leave nine payments of \$450 to be made before the merchant recovered the cost of the merchandise. On this basis he would have to wait until the tenth month before he received any part of the profit on the sales and *this is assuming that all payments are made as agreed.*

On the 18-month basis the merchant would have to wait 14 months before receiving the cost of the merchandise and 19 months before he received any part of the profit. The 12-month contracts of the average merchant are liquidated in an average period of 15 months. This would mean an additional 3 months to wait for a realization of profit. On the 18-month basis an additional 4½ months is required and on 24 months, 6 months more is the average time needed. With these added months needed to liquidate the 12-, 18-, and 24-month contracts, you can see that the full term of the contract must expire before the merchant realizes his cost of sale.

There are two things I might suggest as profitable if adopted by any community as a whole. One is an educational campaign conducted through a series of announcements in the local papers regarding the paying of bills promptly. Another and more important one is a community credit policy, uniformly and rigidly adhered to throughout the whole city.



## Letters That Cross The Editor's Desk

Our annual meeting was held February 18 and the following were elected for the coming year:

President, Eric Marsden, Sterling Food Markets, Ltd.; Vice-President, L. L. Harris, Boulbee, Ltd.; Treasurer, C. G. Banner, Hudson's Bay Company; and Secretary, Thos. Downie, Retail Credit Grantors' Bureau, Ltd.

Directors: C. G. Lewis; Stanley V. Smith; C. M. Anderson; E. J. Patrick; and C. B. Jarvis.

We had a very successful meeting, with nearly 200 present. A great deal of enthusiasm was shown in the coming Silver Jubilee Convention. The announcement that all our members are now members of the National Retail Credit Association and a little talk on the work being done by the National Association were very well received.—THOS. DOWNIE, Secretary, Retail Credit Grantors Association, Vancouver, B. C.

\* \* \*

I compliment you on your splendid editorial in the January CREDIT WORLD. In it you lay down the principles of retail credit as soundly, and as completely, as I have ever seen them described in such a brief article.

Some, no doubt, would consider it radical to suspend accounts that are only three or four months old; but that would not be true when done in connection with a community credit policy and the charging of interest as advocated in your editorial.

If our National Association can succeed in eventually putting into effect the fundamentals you advocate (which would necessarily have to be done over a long period of time), it would be a wonderful accomplishment. This, alone, would more than justify the Association's existence and it would be worth to our members, over and over again, the small dues they pay.—G. A. LAWRENCE, Secretary, The John Gerber Company, Memphis, Tenn.

\* \* \*

Thanks for sending me a copy of the Community Credit Policy booklet (*Study No. 18*), and I am enclosing my check for \$1.50.

I know you will be interested in learning that at the Virginia Association of Retail Clothiers and Furnishers meeting this subject was discussed thoroughly (after my address) and I was gratified to find that all of the clothiers assembled there were intensely interested.

One of the Richmond clothiers stated that he had been opposed to the plan but, after listening to my talk, had changed his mind and was going to work toward the adoption of a community credit policy in Richmond.

I believe that the matter will also come up at the convention of the State Association of Retail Merchants in June, which will undoubtedly assist in acquainting the merchants throughout the state with the tremendous advantage to be obtained through placing a service charge on past due accounts.—L. J. HARDIMAN, JR., Comptroller, The Hub, Norfolk, Va.

# Emphasizing the Need of Proper Training for Outside Collectors

By MAURICE H. HOLMES

Credit Manager, Penn Furniture Co., Philadelphia, Pa.; Co-Author of "The Course for Collectors"

IT IS an old adage that a chain is only as strong as its weakest link. I have found that, in building a successful credit and collection organization, the weakest link is usually the efficiency of the outside collectors. If the problem were simply a question of collecting money regardless of the effect on the good will of the firm, it would be less difficult.

Most credit men today, though, realize that a collection policy that doesn't consider future sales possibilities is exactly like expecting antiquated machinery to compete successfully with up-to-date production equipment.

Collectors, in many cases, are truly the "forgotten men" of retail establishments. They report to the office for a short time each day, and are considered as aliens, so far as the general store activities are concerned. It is perhaps natural to think less about the people we see the least, but we must realize that the outside collector has a very important place in any successful retail business. It is he who contacts our customers in their homes.

Store salesmen are hired upon certain qualifications. They are forced to become acquainted with the stock. They are instructed in the policies and methods of the store, as well as being given opportunities to see and study the methods used by their fellow-salesmen. *This is not true of collectors!*

They are often hired because of a satisfactory reference from another store, given their accounts to collect, and sent out on the street with just a little special instruction regarding some specific cases. They are not in a position to observe anyone, because they work alone.

In the first place, few collectors really know exactly just what their jobs are, let alone how to set out to accomplish them. They consider themselves as some sort of people entirely apart from the other store employees. They feel that their work is just the opposite of the salesman's. Their job is to be "tough" with people, while the salesman's job is to be nice to them.

Collectors should be told that collecting is really selling. In fact it is probably the hardest kind of selling there is. While the salesman sells goods, service and terms, the collector must sell people the intangible things. *They are selling the idea of prompt payment, keeping a good name, fulfilling a promise, protecting future credit.*

The average type collector is not as high as the average type salesman. This is due to the fact that this class of work is generally thought of as distasteful, not attracting as many good men; so more attention must be given to their proper training by the credit man or his assistants.

The fact that a collector may have had many years' experience doing this work before he is hired does not

necessarily make him a good collector. Quite often he has been using the wrong methods so long that it is impossible to get him on the right track. The constant repetition of doing the wrong thing does not help him to do his work better. Sometimes it is far better to hire a man who has been employed previously in some other line and train him in the store's methods and policies.

Collectors who are paid a commission on the sales they make, as well as on their collections, must be taught the proper balance between collections and sales. This is without doubt the hardest thing for the collector to learn. That is, how to get proper collections without hurting future business, or *how not to be so eager to get sales that collections are sacrificed and accounts spoiled*. Proof of the fact that this combination of selling and collecting can be done effectively is seen in the growing number of factories and wholesalers whose salesmen collect their accounts as well as sell their merchandise.

It is almost impossible for any credit man who employs ten or fifteen collectors to take sufficient time daily to instruct his men regarding the handling of every problem that may confront each collector. The men must be taught the proper procedure for handling common excuses and conditions, such as sickness, unemployment, "cutting terms," death, increase in family, skips, "won't answer door," etc.

With their training in the proper knowledge of how to combat the common arguments for nonpayment, the credit man can devote his efforts to helping his men with their *unusual* problems. For this reason, it is most important that any new collector's receive the proper schooling in the store's policies *before being sent out on the street*.

The credit manager's life is not the easiest in the world. Much responsibility is placed on him, but he will find that his credit problems will be far less pressing if he has competent collectors trained in the policies and methods he has elected.

## "Gold" Emblem Stickers For Your Letters and Statements

Printed in royal blue on special "gold" gummed paper. Actual size is shown by dotted lines. Price, \$2.00 per thousand, postpaid.

NATIONAL RETAIL  
CREDIT ASSOCIATION

1218 Olive St. St. Louis, Mo.



## Why We Have 300 National Members

(Continued from page 23.)

est, and sometimes have a short talk. This meeting is attended by representatives from department stores, women's wear shops, men's clothiers, coal companies, character lenders, and others. From these lines we get a good cross section of the credit experience of the community. There is a friendship and fraternal feeling existent among the members that is of inestimable benefit to them and to the Bureau. The same is true of the building material and supply group which meets each Friday.

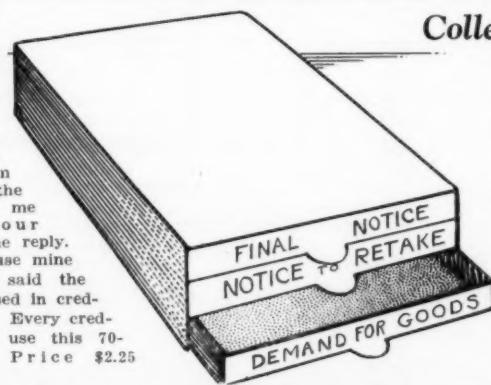
Our monthly bulletin has recently been enlarged and made more attractive by having different members write interesting reports on the groups and monthly meetings. Personal news items are played up in addition to contributed articles of serious interest.

Obviously it takes time and planning to see that the entire Association program moves forward, that each committee functions, that we keep pace with all developments in the field of consumer credit. But the results are worth far more than the effort expended. We are not merely building a trade association that returns a material profit to the members and makes their job easier or business better. We are realizing on our own latent possibilities. We are in the midst of creating a new profession which is already recognized as such in many quarters.

It is only repeating what others have often expressed when I say that the National Retail Credit Association and its affiliated local groups have rendered invaluable service to business in the awakening of the credit manager to the responsibilities and importance of his position. There is no higher calling than the building of men and to the extent that we in our work are able to help each other build our capacity and character, we are ourselves realizing the highest possible reward. We can rise no higher than we can lift others.

In closing, I would say from the Bureau standpoint, that the National Association has rendered invaluable service to us in Des Moines, and after twelve years' experience, there is no question in our minds as to the value and advantages derived from selling memberships in both the Local and National Associations. It has helped us to quicken and increase the flow of information into our credit files. It has supplanted narrowness and selfishness with a new and broader vision of credit cooperation.

You ought to get a copy of "How to Collect Installment Accounts," said the veteran credit man to the young man just learning the game. "Let me borrow your copy," was the reply. "Oh, no! I use mine every day," said the one well versed in credit procedure. Every credit man can use this 70-page book. Price \$2.25 postpaid.



What Association affiliation has done for Des Moines, it will do for others. If you would employ a super-salesman to assist you in selling the services of your Bureau, employ the National Association—make the members of your Bureau members of the National and place The CREDIT WORLD into the hands of each bureau member.

~\*~

## Spokane's Contributions to the National Association

(Continued from page 27.)

city will be prepared to make your visit as enjoyable as possible and to provide every opportunity for you to take away from this memorable Convention an unusual personal profit.

Spokane has wanted this Convention and has looked forward to it for many years. Its first invitation was extended at the National Convention at Toronto seven years ago. The invitation has been repeated every year since. The Spokane membership has been built up in numbers and in enthusiasm in preparation for this year, which will be the high light of a generation's work in the life of our Association.

Our weekly meetings are held in the room in which the National Association was born, and on the wall (the gift of a Spokane credit man) is a silver plaque commemorating the National's birth. In such an atmosphere, it is not to be wondered that the Spokane Association's work has been a success.

We hope and trust that each of our guests in June may return home with a genuine inspiration—an inspiration that will bring new life into Association work; that will result in gathering to us thousands of other credit men who do not, but should, belong; that will point the way to greater usefulness for our respective firms and for our respective communities. Along with it all we hope each of you may take away with you a new physical vigor from the mountains—a new sense of beauty from our lakes and streams—and, perhaps, a little more of the mellowness of life from the warmth of our hospitality and the contacts with your fellows from all over the United States and Canada.

~\*~

Join the Silver Jubilee Club now and become a charter member. Sterling silver emblem button free to each qualifying member. See complete details on page 1.

## Collection Forms Cabinet Given Away

Do your nice, crisp collection forms come out of the desk soiled and curled? We have designed the handiest cabinet that will banish that bugbear, and we're giving it to you absolutely free. It has three easy-sliding trays that will hold size 8½×11 sheets. Shipped free with all orders for our collection forms.

We sell three collection forms at a lower price (\$3.00 per hundred) than similar forms can be purchased anywhere, and we give you a nicer looking sheet, on better bond paper, printed in red and black, (not just black). Order any assortment totaling 100 or more at \$3.00 per hundred, of "Final Notice Before Suit," "Notice to Retake," "Demand for Payment or Goods." Your money refunded if you are not completely satisfied. And you may keep the cabinet!

THE CREDIT PRESS  
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## Speed Up Your Collections

(with these 288 proven collection plans and schemes)

## Cut Your Office Overhead

(with these 42 tried and tested office short cuts)

## Locate Your Skips

(with these 51 tracing tricks)

All of the above are found in

**"PROVEN PLANS TO SPEED COLLECTIONS AND TIMELY TIPS TO TRIM OFFICE OVERHEAD"** by David Morantz, president, Retail Credit Association, Kansas City, Kansas, with a record of 25 years' experience in collecting money and retaining good will.

In addition, it contains 470 collection paragraphs, classified according to appeals to pride, fear, sense of fairness, etc., and numbered for convenient use—including 147 attention-getting collection letter openers and 204 successful coin-conning closers; 10 ways to use the telephone to improve collections; 4 ways to locate debtor's job; an effective plan to collect from farmers; how to get the money on bad checks; and a wealth of other material along the same line.

You also get a Letter and Paragraph book (loose leaf) with full instructions on how to use it, as well as a unique Supplement and Idea File providing a convenient place for your new ideas, clippings, etc.

This wealth of tested, successful, cash-producing collection and time-, labor-, and postage-saving ideas, plans and letters is yours at the unbelievably low price of \$5.00.

The sooner you send for it, the sooner you can start using it in your business to speed up your collections, cut your overhead and locate your skips.

National Retail Credit Association  
1218 Olive St. St. Louis, Mo.

## EVERY PROGRESSIVE CREDIT EXECUTIVE

Is interested in sound fundamentals of store management and control. He knows that his own progress hinges on the profit-producing mechanics of the store as a whole.

## "Methods of Retail Management"

By WILLIAM E. KOCH (now in second printing)

Develops a **NEW SLANT** on this vital theme—A slant so pregnant and stimulating that we offer it for your thoughtful consideration on a money-back basis.

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1218 Olive St., St. Louis, Mo.

Send me "METHODS OF RETAIL MANAGEMENT" by William E. Koch. I enclose \$3.00 in full payment. This is with the understanding that it can help me. If I feel otherwise after careful examination I may return it and get my \$3.00 back immediately.

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

## Stickers for "Inactive" Accounts

Use on "blank" statements each month--  
or as a series--one each month

### We Missed You Last Month!

▼▼

Anything wrong? If  
so, please give us a  
chance to correct it.

We Value  
Your Patronage!

© 1934, N. R. C. A.

### Your Account Is Balanced!

▼▼

This is just a re-  
minder that we  
missed you last  
month.

Use Your  
Charge Account!

© 1934, N. R. C. A.

### You Don't Owe Us a Cent!

▼▼

Yes! We've noticed  
it and we hope you  
will use your charge  
account this month.

Your Patronage  
Is Appreciated!

© 1934, N. R. C. A.

Exact size shown by dotted lines. Printed  
in one color. Price, \$2.00 per 1,000

National Retail Credit Association  
1218 Olive Street St. Louis, Mo.

## National Collection Stickers

### 1. "Standard"

Five in the series, exact size as shown (upper half of this page), printed in two tones of blue on gummed white paper.

Prices, 1,000 of any one sticker, \$2.00; 1,000 assorted, \$2.50; 500 assorted, \$1.50.



### 2. "Gold"

An outstanding series—rich and dignified looking: Printed in royal blue, on special gold paper. Five in series (shown on lower half of this page). Actual size, 1 1/4" x 2". (Dotted lines are not part of stickers but are only "size indicators".)

PRICE, \$3.00 PER THOUSAND

Order Either Series from Your Credit Bureau or—National Retail Credit Association, 1218 Olive St., St. Louis.



1

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



GO  
The Green  
Flash Means  
Your Credit  
Is Good.  
USE IT

It is a pleasure to tell you we appreciate your patronage. We want you to continue as a valued customer.

We will do our best to please you.

WE ALWAYS WANT YOUR BUSINESS  
ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



GO  
The Green  
Flash Means  
Your Credit  
Is Good.  
USE IT

Confidence and quality go hand in hand. Your patronage is an expression of confidence in us. We will continue to merit your patronage.

IT IS ALWAYS APPRECIATED.

ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

5

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



GO  
The Green  
Flash Means  
Your Credit  
Is Good.  
USE IT

It is a pleasure for us to again say "Thank You" for your patronage. Our quality merchandise and appreciative service extend an open invitation for using us, to the full extent of our ability to serve you. We will do our utmost to please you.

ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

6

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



GO  
Your Traffic  
Signal Says  
GO!  
USE IT.

We note with alarm that you have not been using your account in any manner. Have we displeased you? Won't you allow us to make things right if we are in the wrong?

We hate to lose your business.

ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

4

# "Stop" and "Go" Signals Control Credit Traffic!

"Credit Traffic" Signal Stickers  
A new, illustrated sticker-series

## FLASH!

Show individual attention.

## FLASH!

Arouse customers' curiosity.

## FLASH!

Your message strikes home.

## FLASH!

Impress upon customers that *they control their credit records*.

### HOW TO USE THEM:

**GO SIGNALS (No. 1-5-6):** Express your appreciation to your most valued and often neglected customers—**those who pay promptly**. Make the customers feel, "*That* store is different—not *indifferent*." A word of thanks now may save you many customers later.

**(No. 2-7-8):** Visual warnings eliminate the "on-account" manner of payment and **prevent pyramiding**. This signal group has proved very effective in actual collecting and will cut your collection effort and expense.

**STOP (No. 3):** For accounts placed on a cash basis. Encourages continued patronage as well as payment on the account.

### FOR INACTIVES TOO!

**INACTIVE (No. 4):** Use with "no balance" statements or to illustrate promotional letters.

(All Stickers are actual size as shown and copyrighted by W. S. Shafer, Omaha, Neb. Packed in boxes of 100. Identifying number shown alongside each sticker.)

**PRICES:** Any assortment (in multiples of 100 of each sticker):

500	\$3.75
1,000	5.45
2,500	4.90 per 1,000
5,000	4.40 per 1,000
	Parcel Post or Express Charges Extra

### Order from your Credit Bureau

All credit bureaus have been asked to stock these stickers in quantities for the convenience of their members.

**If your Credit Bureau can't supply you, order from**

National Retail Credit Association  
1218 Olive St. St. Louis, Mo.

← Try This On Inactives  
You Can't Lose by Inviting Them Back!

1

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



Caution  
Your Flash  
is Changing  
Act Now!  
Don't Let It  
Turn Red

Your credit is as much of an asset to you as a large bank balance.

The condition of your account has caused your credit signal to change. Won't you tell us what is wrong?

WE WILL BE GLAD TO HELP YOU IF WE CAN.  
ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

2

7

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



Caution  
Your Flash  
is Changing  
Act Now!  
Don't Let It  
Turn Red

The past due items on your account have caused a change in your credit. Switch your signal back to "GO." Why not give this your attention now?

GOOD CREDIT IS INVALUABLE  
ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

5

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



Caution  
Your Flash  
is Changing  
Act Now!  
Don't Let It  
Turn Red

Your check book is the switch controlling your signal flashes. You are the operator. Change your light to "GO."

Credit is a VALUABLE ASSET.  
ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

6

Credit  
Traffic  
Signals  
Watch  
Your  
FLASH



STOP!  
Credit Signal  
Closed  
Against You.  
Change It Back  
to GO!  
Don't Delay

We are sorry the "Stop" signal is against your credit. We both lose unless you keep on buying here. Do so by all means. Pay for what you get and some on the old account. It won't be long before the signal changes.

WE ALWAYS WANT YOUR BUSINESS  
ALWAYS HEED  
CREDIT TRAFFIC SIGNALS

3

